

DATED: 26 AUGUST 2011

SERIES MEMORANDUM

ELM B.V.

a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*)
with its seat (*zetel*) in Amsterdam, The Netherlands

**EUR 15,000,000,000
Secured Note Programme**

**SERIES 151
EUR 600,000,000 Secured Bond Linked Notes
due 2019
(the “Notes”)**

*The attention of prospective investors is drawn to the section headed “Risk Factors” on page 6 of
this Series Memorandum*

UBS Investment Bank

The date of this Series Memorandum is 26 August 2011

This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 15,000,000,000 Secured Note Programme (the “**Programme**”) of ELM B.V. (the “**Issuer**”) and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 22 November 2010 relating to the Programme (the “**Programme Memorandum**”). This document should be read in conjunction with the Programme Memorandum. Save where the context otherwise requires, terms defined in the Programme Memorandum or in the Terms of the Notes have the same meaning when used in this Series Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum.

The Series Memorandum has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank of Ireland only approves this Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This Series Memorandum comprises a Prospectus for the purposes of the Prospectus Directive.

This Series Memorandum has been prepared for the purpose of seeking admission of the Notes to trading on the regulated market of the Irish Stock Exchange. This Series Memorandum has been prepared for the purpose of the offering of Notes in accordance with applicable laws and regulations and as further described in the section entitled “Subscription and Sale” in the Programme Memorandum.

The Issuer accepts responsibility for the information contained in this Series Memorandum except in relation to the information contained in the section entitled “Information relating to UBS AG, London Branch”. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Series Memorandum for which the Issuer accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

UBS AG, London Branch accepts responsibility for the information contained in the section entitled “Information relating to UBS AG, London Branch” in this Series Memorandum. To the best of the knowledge and belief of UBS AG, London Branch (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Other than such section, UBS AG, London Branch has not separately verified the information contained herein.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Swap Counterparty, either Securities Lending Counterparty, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Series Memorandum contains references to credit ratings granted by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. (“**S&P**”), Moody’s Investor

Service, Inc. (“**Moody’s**”), DBRS, Inc. (“**DBRS**”) and Fitch Ratings Limited (“**Fitch**”). Fitch is established in the European Community and has applied for registration pursuant to Article 15 (*Application for Registration*) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the “**Regulation**”). As at the date of this Series Memorandum, no registration has been granted to Fitch, however pursuant to Article 40 (*Transitional Provisions*) of the Regulation, Fitch may continue to issue credit ratings which may be used for regulatory purposes by the financial institutions referred to in Article 4(1) of the Regulation unless such registration is refused. S&P, DBRS and Moody’s are not established in the European Community and have not applied for registration pursuant to the Regulation.

Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given that such application will be granted.

For as long as the Notes are listed on the Irish Stock Exchange, copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Registrar for so long as any of the Notes shall remain outstanding:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 15 August 2011 and the Charged Agreement constituted thereby;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2010.

The Trustee will represent the Noteholders in accordance with the Master Trust Terms. The security granted by the Issuer in respect of the Notes is granted in favour of the Trustee who holds such security on trust for the Swap Counterparty, the Securities Lending Counterparties and the Noteholders in accordance with the Master Trust Terms and the terms hereof, including the order of priorities specified herein. The Trustee is entitled to exercise certain powers, trusts, authorities and discretions in accordance with the Master Trust Terms and the terms hereof.

The language of the Series Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any reference to websites in this Series Memorandum is for information purposes only and such websites shall not form part of this document.

Particular attention is drawn to the section of this Series Memorandum headed “Risk Factors”.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes are being offered and sold only outside the United States (as such term is defined in Regulation S under the Securities Act (“Regulation S”)) to non-US persons in reliance on Regulation S.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

Table of Contents

| | |
|----------------------------------------------------------------------------------|----|
| Documents Incorporated by Reference | 5 |
| Risk Factors | 6 |
| Terms of the Series 151 EUR 600,000,000 Secured Bond Linked Notes due 2019 | 11 |
| Description of the Charged Agreement | 40 |
| Form of Confirmation of Swap Transaction | 42 |
| Description of the Securities Lending Agreements | 47 |
| Description of the Initial Collateral Securities..... | 62 |
| Use of Proceeds..... | 63 |
| Information relating to the Issuer | 64 |
| Information relating to UBS AG, London Branch | 66 |
| Information relating to the Listing Agent | 68 |

Documents Incorporated by Reference

The Issuer's audited financial statements for the financial year ending on 31 December 2010 have been filed with the Irish Stock Exchange and shall be deemed to be incorporated into and form part of this Series Memorandum.

Risk Factors

Investor Suitability

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision, prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Swap Counterparty, each Securities Lending Counterparty and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. In particular, as part of such independent investigation and analysis, prospective purchasers of the Notes should consider carefully all the information set forth in this Series Memorandum and the considerations set forth below. However, it must be understood that the considerations set forth below are not, and cannot be, an exhaustive list of all possible risks associated with an investment in the Notes.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and the merits and risks of an investment in the Notes in the context of their own financial circumstances and investment objectives.

No secondary market for the Notes currently exists, nor is one expected to develop. Prospective purchasers of the Notes should therefore recognise that they may not be able to make any transfer of the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes until their Maturity Date and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Notwithstanding the previous paragraph, as at the date hereof, the Arranger intends, subject to market conditions, to offer bid prices for the Notes on request but (i) is under no obligation to do so and may decline to do so at any time without assigning any reason and (ii) may set any such bid prices at such amount as it may in its discretion think fit. The Arranger is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote.

Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering based on its own independent review and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment.

References in this section of the Series Memorandum to “**UBS**” shall be deemed to be references to UBS AG, London Branch and any relevant affiliate, whether acting in any capacity in relation to the Notes or otherwise.

Credit Risk

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (as defined herein and in the Programme Memorandum) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders.

Noteholders assume the credit risk of the Swap Counterparty, each Securities Lending Counterparty and the credit risk of the Charged Assets (as defined herein) and any Exchanged Securities (as defined herein). To the extent that the Swap Counterparty and/or either Securities Lending Counterparty fail to make due and timely payment under the Charged Agreement and/or

the Securities Lending Agreements or a Mandatory Redemption Event occurs with respect to any Collateral Securities (as defined herein), amongst other events, the security may be enforced, the Notes will be redeemed early by payment of the Early Redemption Amount (as defined herein) or delivery (upon redemption by reason of a Counterparty Default Event, as defined herein) of a *pro rata* share of Early Redemption Assets (as defined herein) and a total loss of principal or a delay in payment under the Notes may result.

None of the Issuer, the Trustee and UBS nor any other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to (i) the existence or financial or other condition of the Mortgaged Property or (ii) whether the Charged Agreement constitutes legal, valid and binding obligations of the Swap Counterparty or (iii) whether the Securities Lending Agreements constitute legal, valid and binding obligations of the respective Securities Lending Counterparties. None of the Issuer, the Trustee, UBS nor any other person acting on their behalf has, in connection with the Notes, made any investigation of, or makes any representation or warranty, express or implied, whether the Collateral Securities (as defined herein) or any Exchanged Securities (as defined herein) constitute legal, valid and binding obligations of their issuer. The Issuer and its affiliates are not responsible for the public disclosure of information by the issuers of the Collateral Securities or any Exchanged Securities.

Investment in the Notes may involve a total loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer. Noteholders, and prospective purchasers of Notes, will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the issuers of the Collateral Securities or any Exchanged Securities and the Swap Counterparty and each Securities Lending Counterparty. None of the Issuer, the Trustee, UBS nor any other person acting on their behalf will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

Interest Rate Risk

Each Securities Lending Counterparty may terminate the relevant Securities Lending Agreement in whole or in part on any Business Day falling no earlier than the first Interest Payment Date following the date which is at least five years after the Issue Date. If so, the holder(s) of 100 per cent. of the Notes (acting together) may put a proportionate amount of Notes at par. If such put option is not exercised, the Spread (as defined herein) with respect to interest payable on the Notes thereafter shall be reduced to an amount not less than zero, all as more particularly set out in item 16 of the Terms of the Notes set out herein. Consequently, if a Noteholder does not hold or otherwise control all of the Notes, such Noteholder may not be able to procure the exercise of the put option by all of the Noteholders if a Securities Lending Counterparty terminates the relevant Securities Lending Agreement and will therefore not be able to avoid a Spread reduction in respect of the Notes that it holds.

Exposure to UBS

The Notes do not represent a claim against the Swap Counterparty or either Securities Lending Counterparty or any of their affiliates and, in the event of any loss, Noteholders will have recourse to the proceeds of the Mortgaged Property and not to the Swap Counterparty or either Securities Lending Counterparty save that to the extent that a Counterparty Default Event has occurred and any termination payment is due from the Swap Counterparty pursuant to the Charged Agreement and/or from either of the Securities Lending Counterparties pursuant to the relevant Securities Lending Agreement and in either case remains unpaid, all of the Issuer's rights in respect of such termination payment(s) shall be comprised in the Early Redemption Assets and consequently, to such extent, Noteholders (or, if a Noteholder so elects, a third party nominated by such Noteholder) shall have a direct claim against the Swap Counterparty and/or, as the case may be,

the relevant Securities Lending Counterparty. However, any investor in the Notes will be exposed to the credit risk of the Swap Counterparty and each Securities Lending Counterparty.

Legality of Purchase

None of the Issuer, the Trustee and UBS nor any other person acting on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

No Reliance

Each of the Issuer, the Trustee and UBS disclaims any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter. All information (if any) relating to the Initial Collateral Securities referred to in this Series Memorandum has been extracted from publicly available sources. None of the Issuer, the Trustee and UBS nor any other person acting on their behalf has verified such information and, accordingly, none of them makes any representation or warranty, express or implied, as to its accuracy or completeness. Noteholders may not at any time rely on any such persons or any affiliate of any of them or any person on their behalf to monitor whether or not a Mandatory Redemption Event (as defined herein), or an event or circumstances which, with the giving of notice, the passage of time or making of any determination, could constitute a Mandatory Redemption Event has occurred.

No Restrictions on Activities

Any of the Issuer, the Trustee and UBS and any other person acting on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with the issuers of any Collateral Securities or any Exchanged Securities or the Swap Counterparty or either Securities Lending Counterparty, any affiliate of the issuers of any Collateral Securities or any Exchanged Securities or the Swap Counterparty or either Securities Lending Counterparty or any other entity having obligations relating to the issuers of any Collateral Securities or any Exchanged Securities or the Swap Counterparty or either Securities Lending Counterparty (including, in each case, arising from any notes issued by, to or in respect of the obligations of, any such party) and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Issuer, the Trustee and UBS or any other person acting on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the issuers of any Collateral Securities or any Exchanged Securities, or the Swap Counterparty, or either Securities Lending Counterparty, the Notes or the Noteholders (or the impact of any such dealing on the interests of any Noteholder) or otherwise (including, without limitation, any action which might constitute or give rise to a default in relation to the Collateral Securities or any Exchanged Securities or a default or an early redemption event in respect of the Notes).

Potential conflicts of interest

Potential conflicts of interest may exist between each Securities Lending Counterparty and the Swap Counterparty, on the one hand, and the Noteholders, on the other hand. Each of the Securities Lending Counterparties and the Swap Counterparty may pursue actions and take steps that it deems appropriate to protect its commercial interests under the relevant Securities Lending Agreement or the Swap Confirmation, as the case may be, without regard to the consequences of such actions or steps for the Noteholders. Neither of the Securities Lending Counterparties is required to, and will not, take into account the interests of the Noteholders in making any decision to borrow or return Charged Assets or to exchange Exchanged Securities. In certain circumstances, either of the Securities Lending Counterparties shall be entitled to direct

the Issuer to exercise rights in the Issuer's capacity as a holder of, or person beneficially entitled to or participating in the relevant Exchanged Securities, without regard to the consequences of such actions for the Noteholders.

Rating of Collateral Securities

The credit rating, if any, in respect of Collateral Securities is not an indication or guarantee of the creditworthiness of such Collateral Securities or the issuer or obligor of such Collateral Securities.

No disclosure of information; disclosure of confidential information

The Issuer or UBS may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Collateral Securities or any Exchanged Securities or their issuer or the Swap Counterparty or each of the Securities Lending Counterparties that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or UBS or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Registrar, although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 7(c) and item 22 of the Terms of the Notes.

Legal Opinions

Whilst legal opinions relating to the issue of the Notes will be obtained with respect to English law and Dutch law, no such opinions will be obtained with respect to any other applicable laws, including the laws governing the Collateral Securities or any Exchanged Securities, the law(s) of the jurisdiction of the issuers of the Collateral Securities or any Exchanged Securities or as to the validity, enforceability or binding nature of the Collateral Securities as against the obligors thereof or of the Charged Agreement as against the Swap Counterparty or of the Securities Lending Agreements against the relevant Securities Lending Counterparty. The legal opinions will be addressed to UBS and the Trustee, and not to Noteholders (who will not be entitled to rely upon them).

Limited Recourse

The Notes are limited recourse obligations of the Issuer and are payable solely from the proceeds of the Mortgaged Property. The holders of the Notes will have no right to proceed directly against the obligors in respect of the Mortgaged Property. The Notes do not represent obligations of, nor are they insured or guaranteed by the Trustee, the Swap Counterparty, the Arranger, the Custodian, the Calculation Agent, either of the Securities Lending Counterparties or the Registrar or any of their respective affiliates. None of the Trustee, the Swap Counterparty, the Arranger, the Custodian, the Calculation Agent, either of the Securities Lending Counterparties, the Registrar or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will, in the absence of an express agreement to the contrary or as otherwise provided by law, be obliged to make payments in respect of the Notes save that to the extent that a Counterparty Default Event has occurred and any termination payment is due from the Swap Counterparty pursuant to the Charged Agreement and/or from either Securities Lending Counterparty pursuant to the relevant Securities Lending Agreement and in either case

remains unpaid, all of the Issuer's rights in respect of such termination payment(s) shall be comprised in the Early Redemption Assets and consequently, to such extent, Noteholders (or, if a Noteholder so elects, a third party nominated by such Noteholder) shall have a direct claim against the Swap Counterparty and/or, as the case may be, the relevant Securities Lending Counterparty. If distributions on such Mortgaged Property are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following realisation of the Mortgaged Property, no debt shall be owed in respect of any such deficiency.

Terms of the Series 151 EUR 600,000,000 Secured Bond Linked Notes due 2019

The Notes designated as above shall have the following “**Terms**”, which shall complete, modify and/or amend the Master Conditions (which, for the purpose of this Series, shall be deemed to be the terms and conditions set out in the section of the Issuer’s Programme Memorandum dated 22 November 2010 headed “Terms and Conditions of the Notes”), which shall apply to the Notes as so completed, modified and/or amended. References to “**Conditions**” or “**Condition**” are, unless otherwise provided, references to such Master Conditions or a Master Condition as so completed, modified and/or amended by these Terms. Unless the context otherwise requires, expressions used herein and not otherwise defined herein or in the Master Documents shall have the meanings ascribed to them by the provisions of the Charged Agreement (including the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and incorporated by reference into the confirmation with respect to the Charged Agreement).

- | | | | |
|----|-------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | (i) | Issuer: | ELM B.V. |
| | (ii) | Arranger: | UBS Limited. |
| 2. | (i) | Series Number: | 151 |
| | (ii) | Tranche Number: | Not applicable. |
| 3. | | Principal Amount: | EUR 600,000,000 |
| 4. | (i) | Issue Price: | 100 per cent. of the Principal Amount. |
| | (ii) | Net Proceeds: | EUR 600,000,000 |
| 5. | | Authorised Denomination: | EUR 200,000 |
| 6. | (i) | Issue Date: | 15 August 2011. |
| | (ii) | Trade Date: | 4 July 2011. |
| | (iii) | Interest Commencement Date: | Issue Date. |
| 7. | | Maturity Date: | The later of (i) 30 October 2019 (the “ Scheduled Maturity Date ”) and (ii) if a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date, the earlier of the Business Day immediately following any date on which the relevant Potential Failure to Pay is remedied and the date falling 40 calendar days after the Scheduled Maturity Date (such earlier date, the “ Extended Maturity Date ”), each such date subject to adjustment in accordance with the Business Day Convention. |
- “**Potential Failure to Pay**” means the failure of any obligor of the Relevant Securities (as defined in Special Condition (I) below) to make, when and where due, any payments, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable in accordance with the relevant Original Terms and Conditions (as defined in Special Condition (I)

below).

- | | | |
|-----|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| 8. | Interest Basis: | Floating. |
| 9. | Redemption/Payment Basis: | Redemption at par on the Maturity Date, subject as otherwise provided herein. |
| 10. | Change of Interest or Redemption/ Payment Basis: | Not applicable. |
| 11. | Put/Call Options: | Condition 7(f)(1) is applicable, subject to (and only in the circumstances described in) the following provisions: |

Following the exercise by either Securities Lending Counterparty of the Securities Lending Agreement Termination Option (as defined in item 31 below) and notification by the Issuer to the Noteholders at least five Business Days prior to the relevant Securities Lending Agreement Termination Date of such exercise of the Securities Lending Agreement Termination Option, the Sole Noteholder (as defined below) may elect no later than the date which falls two Business Days after the relevant Securities Lending Agreement Termination Date (any such date on which the Sole Noteholder notifies the Issuer of such exercise, a **"Noteholder's Put Option Exercise Date"**), to redeem all or, as the case may be, a proportion of its Notes with an outstanding principal amount equal to the amount by which the Aggregate SLA Notional (as defined in item 31 reduces as a consequence of the relevant exercise of the Securities Lending Agreement Termination Option on the date which falls five Business Days following the relevant Securities Lending Agreement Termination Date (as defined in item 31 below). The Optional Redemption Amount in respect of each Note to be redeemed shall be its Scheduled Redemption Amount and, notwithstanding anything to the contrary in Condition 7(f)(1), interest on the Notes to be redeemed shall accrue (subject to item 16(v) below) up to the relevant Noteholder's Put Option Exercise Date and shall be payable on the date fixed for redemption.

The requirement in Condition 7(f)(i) for the relevant Note and the Redemption Notice to be deposited as described in Condition 7(f)(i) not more than 30 nor less than 10 days prior to the relevant date for redemption shall be read and construed as a requirement for the relevant Note and the Redemption Notice to be deposited as described in Condition 7(f)(i) on the relevant Noteholder's Put Option Exercise Date.

"Sole Noteholder" means one or more holders

(acting together) of 100% of the outstanding Principal Amount of the Notes.

12. Status of the Notes:

(i) Status of the Notes: Secured and limited recourse obligations of the Issuer ranking *pari passu* without any preferences amongst themselves, secured as set out under Security below (see item 30 below) and subject to the priority set out under Priority immediately below.

(ii) Priority: Swap Counterparty Priority shall apply following the realisation of the Mortgaged Property in connection with a redemption of the Notes (other than by reason of the occurrence of a Counterparty Default Event) under Condition 7(b) (as amended pursuant to Special Conditions (I) and (V) below) or 7(c) or 9; provided that such expression shall not have the meaning given to it in Condition 4(d) but, rather, after meeting certain expenses and remuneration of the Trustee or any receiver (as more particularly set out in Condition 4(d)) the amount realised in accordance with Condition 4(c) and item 22 below (which amount shall include, in addition to the proceeds of realisation of any Charged Assets and any Exchanged Securities (as defined in item 31) below) which a Securities Lending Counterparty determines in its sole and absolute discretion cannot for any reason be exchanged pursuant to the relevant Securities Lending Agreement for Exchanged Collateral (as defined in item 31 below), any termination payment (including, without duplication, the absolute value of any applicable negative Unwind Costs (as defined below)) made by the Swap Counterparty or either of the Securities Lending Counterparties pursuant to the Charged Agreement or the relevant Securities Lending Agreement, as applicable) shall be applied in accordance with the meaning of Swap Counterparty Priority set out below:

“Swap Counterparty Priority” means:

- (i) first, in meeting any claim of the Custodian under the Custody Agreement in respect of any fees, expenses or other amounts payable by the Issuer (including but not limited to any amounts of value added tax or other taxes due to any applicable revenue authorities) and any claim for reimbursement in respect of payment of any amount in respect of the Charged Assets made to the Swap Counterparty prior to receipt of the same by the

Custodian;

- (ii) secondly, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement and (without duplication) in respect of any applicable positive Unwind Costs, and the claims (if any) of each Securities Lending Counterparty under the relevant Securities Lending Agreement and (without duplication) in respect of any applicable positive Unwind Costs and the claims (if any) of the Registrar in respect of its applicable Unwind Costs, *pari passu* and rateably;
- (iii) thirdly, in meeting the claims (if any) of the Noteholders in respect of the relevant Early Redemption Amount (as defined in Condition 7(e)(2)), *pari passu* and rateably; and
- (iv) fourthly, in payment of the balance (if any) to the Issuer.

“Unwind Costs” means an amount in euros which:

- (A) in the case of the Swap Counterparty, equals:
 - (i) any costs incurred by the Swap Counterparty (as a positive number) in relation to the liquidation of any securities in accordance with item 22 below;
 - (ii) an amount (if any) equal to any costs, including but not limited to hedge break costs, to the Swap Counterparty (as a positive number) in relation to the termination of the Swap Transaction, or the benefit to the Swap Counterparty (as a negative number) in relation to the termination of the Swap Transaction; and
 - (iii) the cost (if any) to the Swap Counterparty (as a positive number) in relation to the termination of any hedging transactions entered into in connection with the Notes (without duplicating any of the hedge break costs described in item (ii) above);

(B) in the case of each Securities Lending Counterparty, equals an amount (if any) equal to any costs, including but not limited to hedge break costs, to the relevant Securities Lending Counterparty (as a positive number) in relation to the termination of the relevant Securities Lending Agreement and any Purchase Transactions thereunder, or the benefit to the relevant Securities Lending Counterparty (as a negative number) in relation to the termination of the relevant Securities Lending Agreement and any Purchase Transactions thereunder; and

(C) in the case of the Registrar, equals the costs (if any) of the Registrar.

All such costs shall be determined by the Calculation Agent in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner.

- | | | |
|-----|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13. | Listing: | Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. Although the ultimate decision as to whether any application is accepted is at the discretion of the Irish Stock Exchange, all reasonable efforts will be made to ensure that such application to list the Notes is accepted. |
| 14. | Method of distribution: | Non-syndicated. |
| 15. | Fixed Rate Note Provisions: | Not applicable. |
| 16. | Floating Rate Note Provisions: | Applicable. |
| | (i) Interest Payment Dates: | 30 October, 30 January, 30 April and 30 July in each year, commencing on 30 October 2011 to, and including, the Scheduled Maturity Date, each such date subject to adjustment in accordance with the Business Day Convention. |
| | | Accrued interest on any Note falling due for redemption pursuant to Condition 7(f)(1) (as amended by item 11 above) shall be payable in accordance with item 11 above. |
| | (ii) Business Day Convention: | As specified in item 45 below. |
| | (iii) Manner in which the Interest Rate is to be determined: | ISDA Determination in accordance with the provisions specified below. |

- (a) Floating Rate Option: EUR-EURIBOR-Reuters.
- (b) Designated Maturity: 3 months, except in the case of the first Interest Period, which shall be subject to Linear Interpolation (which term shall be construed in accordance with the 2006 ISDA Definitions).
- (c) Reset Dates: The first day of each Interest Period.
- (iv) If Screen Rate Determination: Not applicable.
- (v) Spread: 0.95 per cent. per annum, subject to the following provision:

If at any time the Securities Lending Agreement Termination Option is exercised then:
 - (A) if a corresponding proportion of Notes falls due for redemption pursuant to Condition 7(f)(1) (as amended by item 11 above), the Spread with respect to the accrued interest that shall be payable on the date fixed for redemption shall be reduced to zero with effect as of the relevant Securities Lending Agreement Termination Date; or
 - (B) if a corresponding proportion of Notes does not fall due for redemption pursuant to Condition 7(f)(1) (as amended by item 11 above), the Spread with respect to such corresponding proportion of Notes shall be deemed to reduce to zero with effect as of the relevant Securities Lending Agreement Termination Date.

If the Spread is deemed to reduce to zero pursuant to paragraph (B) above then, so that each outstanding Note bears interest at the same Interest Rate, the Spread which shall apply with respect to all of the outstanding Notes shall, with effect as of such Securities Lending Agreement Termination Date, be recalculated by the Calculation Agent in accordance with the following formula:

$$S = \frac{0.95 \times (N-n)}{N}$$

N

where:

S = recalculated Spread per annum;

N = total number of Notes immediately after such Securities Lending Agreement Termination Date as reduced by the number of Notes, if any, in respect

of which the Noteholder put option was exercised pursuant to Condition 7(f)(1) (as amended by item 11 above) following the occurrence of such Securities Lending Agreement Termination Date; and

n = total number of Notes in respect of which the Noteholder put option was not exercised pursuant to Condition 7(f)(1) (as amended by item 11 above) following the occurrence of such Securities Lending Agreement Termination Date and each Securities Lending Termination Date, if any, preceding such Securities Lending Agreement Termination Date,

and each Interest Amount in respect of an Interest Period shall be calculated on the basis of the sum of the Spread on each day of such Interest Period divided by the number of days in such Interest Period.

- | | | |
|--------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| (vi) | Spread Multiplier: | Not applicable. |
| (vii) | Minimum Interest Rate: | Not applicable. |
| (viii) | Maximum Interest Rate: | Not applicable. |
| (ix) | Relevant Financial Centre: | As specified in item 46 below. |
| (x) | Day Count Fraction: | Actual/360. |
| (xi) | Calculation Amount: | With respect to any Note, its outstanding principal amount. |
| (xii) | Interest Determination Date: | The last day of the relevant Interest Period. |
| (xiii) | Other terms relating to the method of calculating interest for Floating Rate Notes: | Not applicable. |
| 17. | Zero Coupon Note Provisions: | Not applicable. |
| 18. | Index-Linked Interest Note Provisions: | Not applicable. |
| 19. | Variable Coupon Amount Note Provisions: | Not applicable. |
| 20. | Dual Currency Note Provisions: | Not applicable. |
| 21. | Scheduled Redemption Amount: | For the purposes of Condition 7(e)(1), the Scheduled Redemption Amount in respect of each Note is an amount equal to its outstanding principal amount. |
| 22. | Early Redemption Amount payable on mandatory redemption, redemption for taxation reasons or | Save where the Notes have fallen due for redemption by reason of the termination of the Charged Agreement or a Securities Lending |

on termination of the Charged Agreement or on default and the method of calculating the same (if required or if different from that set out in the Conditions):

Agreement as a consequence of a Counterparty Default Event (as defined below), Condition 7(e)(2) shall apply in relation to early redemption pursuant to Condition 7(b) (as amended pursuant to Special Conditions (I) and (V) below) or Condition 7(c) or upon the Notes becoming due and payable as provided in Condition 9.

No Counterparty Default Event:

Where Condition 7(e)(2) applies, the Calculation Agent shall be responsible for determining the Early Redemption Amount due pursuant to Condition 7(e)(2), which amount shall be determined by the Calculation Agent in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner. In connection with the determination of such amount and for the purposes of Conditions 4(c) and 4(d) (as amended by item 12(ii) above), the Mortgaged Property to be realised pursuant to Condition 4(c) shall include, in addition to any Charged Assets, any Exchanged Securities which a Securities Lending Counterparty determines in its sole and absolute discretion cannot for any reason be exchanged pursuant to the relevant Securities Lending Agreement for Exchanged Collateral (and any such Exchanged Collateral shall be retained by such Securities Lending Counterparty absolutely).

Where Condition 7(e)(2) applies, the Swap Counterparty shall on behalf of and as the agent of the Trustee use all reasonable efforts to sell the relevant securities at its best execution price, but, subject as aforesaid shall not be liable for the price obtained by it, nor shall the Swap Counterparty be required to expedite or delay any sale of such securities in anticipation that a better price might be obtained. To the extent that any Mortgaged Property comprises Cash (as defined in item 31 below) in a currency other than euros, the Swap Counterparty shall convert the relevant amount into euros at the relevant prevailing foreign exchange rate as determined by the Swap Counterparty in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner. The Custodian shall deliver any securities sold by the Swap Counterparty as aforesaid in accordance with the instructions of the Swap Counterparty and shall pay any amount of Cash standing to the credit of the Collateral Account in a currency other than euros to the Swap Counterparty in exchange for the euro equivalent thereof (converted by the Swap Counterparty as aforesaid) in accordance with the instructions of the Swap Counterparty. The Custodian shall be entitled to rely absolutely without enquiry on such instructions and shall not

be liable for so doing, other than in the case of its gross negligence, fraud or wilful default. The proceeds of any such sale or conversion (as applicable) shall, upon receipt, be credited to the Collateral Account and the Custodian shall thereafter debit the Collateral Account and pay the amounts so debited to the persons entitled thereto in accordance with Condition 4(d) (as amended by item 12(ii) above) in accordance with the instructions of the Calculation Agent given on behalf of and as agent of the Trustee. The Custodian shall be entitled to rely absolutely without enquiry on such instructions and shall not be liable for so doing, other than in the case of its gross negligence, fraud or wilful default.

Following the occurrence of a Counterparty Default Event:

If the Notes have fallen due for redemption by reason of the termination of the Charged Agreement or a Securities Lending Agreement as a consequence of a Counterparty Default Event, Condition 7(e)(2) shall not apply in relation to early redemption pursuant to Condition 7(b) (as amended pursuant to Special Conditions (I) and (V) below) or Condition 7(c) or upon the Notes becoming due and repayable as provided in Condition 9 (and, accordingly, there shall be no Early Redemption Amount) and instead the Notes shall be redeemed by transfer of the Early Redemption Assets in accordance with the terms below of this item 22 to the Noteholders on a *pro rata* basis on or as soon as reasonably practicable after the relevant due date for early redemption. The references in Condition 7(e)(3) to the redemption of each Note at its Redemption Amount shall be construed accordingly and the realisation of the Mortgaged Property shall be effected in the manner contemplated below.

“Early Redemption Assets” means, subject as provided below, the Charged Assets and any Exchanged Securities standing to the credit of the Collateral Account as at the date on which the Notes fall due for redemption by reason of the termination of the Charged Agreement or a Securities Lending Agreement as a consequence of the relevant Counterparty Default Event (together, **“Collateral Assets”**) less an amount of such Collateral Assets (rounded up to the nearest whole denomination in the case of any securities comprised in the Collateral Assets) which the Trustee at the direction of the Noteholders (acting by Extraordinary Resolution) or, if the Noteholders have not so directed the Trustee within 15 Business Days of a request from the Trustee for

such instructions, an agent appointed by the Trustee for such purpose reasonably determines to be sufficient (if, in the case of securities, sold at their market value or, in the case of cash (including the proceeds of sale of such securities comprised in the Collateral Assets), converted as necessary at the prevailing relevant foreign exchange rate) to satisfy any liability which the Issuer may have in respect of any termination payment that may be payable to the Swap Counterparty pursuant to the Charged Agreement and/or to each Securities Lending Counterparty pursuant to the relevant Securities Lending Agreement and to satisfy each of the Trustee's and the Custodian's reasonable pre-estimate of its expenses and remuneration incurred and/or to be incurred in relation to the redemption of the Notes following the relevant Counterparty Default Event (including the expenses and remuneration of any agent appointed by the Trustee in connection with such redemption) (such Collateral Assets, the **"Reserved Collateral Assets"**).

To the extent that any termination payment is due from the Swap Counterparty pursuant to the Charged Agreement and/or from a Securities Lending Counterparty pursuant to the relevant Securities Lending Agreement and in either case remains unpaid, all of the Issuer's rights in respect of such termination payment(s) (the **"Issuer Termination Entitlement"**) shall also be comprised in the Early Redemption Assets.

If, by reason of the denominations of any securities comprised in the Collateral Assets, the Collateral Assets that would otherwise be comprised in the Early Redemption Assets are not equally divisible among the Noteholders (*pro rata* to their holdings of Notes) then the Early Redemption Assets shall not comprise any fractional entitlement to such securities and shall comprise only such amount of securities as is, to the greatest extent possible, equally divisible among the Noteholders (*pro rata* to their holdings of Notes) (any securities excluded from the Early Redemption Assets by reason of a fractional entitlement otherwise arising as aforesaid, being **"Excluded Collateral Securities"**).

Following the determination by the Trustee or any agent appointed by the Trustee for such purpose of any Reserved Collateral Assets and/or any Excluded Collateral Securities and the amount of any Issuer Termination Entitlement (and therefore the assets to be comprised in the Early Redemption Assets), the Issuer shall, not later than the Business Day following the date of such

determination, notify the Noteholders in accordance with Condition 14 (such notice an **"Issuer Redemption Notice"**) of the securities which shall be comprised in the Early Redemption Assets, whether any cash may be comprised in the Early Redemption Assets and whether the Early Redemption Assets shall include any Issuer Termination Entitlement and that each Noteholder shall be required to instruct its relevant clearing system to block such Noteholder's interest in the Notes until the conclusion of a period beginning on the Business Day on which the Issuer Redemption Notice is delivered to the relevant clearing system and ending on (and including) the date on which the Early Redemption Assets are delivered to the account specified in such Noteholder's Noteholder Delivery Instruction (as defined below) or otherwise transferred to such Noteholder (or, in the case of any rights with respect to the Issuer Termination Entitlement only, if such Noteholder so elects in such Noteholder's Noteholder Delivery Instruction, transferred to a third party nominated by such Noteholder to receive any rights with respect to the Issuer Termination Entitlement) in accordance with such Noteholder's Noteholder Delivery Instruction. In order to receive transfer of the Early Redemption Assets, the Noteholders are required to notify the Issuer and the Trustee of their account and other details for the purpose of the transfer of the Early Redemption Assets by sending notice to the Issuer in, or substantially in, the form of the instruction (a **"Noteholder Delivery Instruction"**) set out in Annex 2 to these Terms (which the Issuer and the Trustee shall countersign and forward to the Custodian as soon as reasonably practicable thereafter). Such Noteholder Delivery Instruction shall not be valid unless the relevant Noteholder has instructed its clearing system to block its interest in the Notes as aforesaid.

To the extent that any Noteholder does not deliver a valid Noteholder Delivery Instruction to the satisfaction of the Issuer and the Trustee, none of the Issuer, the Custodian, the Registrar, the Trustee, the Swap Counterparty, the Securities Lending Counterparties or any other person shall be liable to the Noteholder or any other person in respect of any delay in the delivery or non-delivery of the Early Redemption Assets to the Noteholder as a consequence thereof.

If the Trustee (in consultation with the Custodian) determines in its reasonable discretion that the delivery to a Noteholder of its entitlement to any securities comprised in the Early Redemption Assets is prohibited under any applicable law, regulation or directive or is otherwise not possible

or practicable (such securities, “**Undeliverable Securities**”), such Noteholder shall not be entitled to delivery of such Undeliverable Securities.

The Mortgaged Property in respect of this Series comprised of any Reserved Collateral Assets, Excluded Collateral Securities and Undeliverable Securities shall be realised by the Trustee in accordance with and subject to Condition 4(c) and the terms of the Trust Deed. After meeting the expenses and remuneration of the Trustee in relation to the redemption of the Notes following the relevant Counterparty Default Event, (including the expenses and remuneration of any agent appointed by the Trustee in connection with such redemption), the proceeds of such realisation shall be applied by the Trustee:

- (1) first, in meeting any claim of the Custodian under the Custody Agreement in respect of any fees, expenses or other amounts payable by the Issuer (including but not limited to any amounts of value added tax or other taxes due to any applicable revenue authorities) and any claim for reimbursement in respect of payment of any amount in respect of the Charged Assets made to the Swap Counterparty prior to receipt of the same by the Custodian;
- (2) secondly, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement and each of the Securities Lending Counterparties under the relevant Securities Lending Agreement *pari passu* and rateably; and
- (3) thirdly, in payment of the balance (if any) to the Noteholders *pari passu* and rateably (which amount in aggregate shall be deemed to form a part of the Early Redemption Assets),

provided that the proceeds of such realisation attributable to the realisation of any Undeliverable Securities shall be applied solely in making payment of such proceeds to the Noteholder who would otherwise have been entitled to receive such Undeliverable Securities.

The Custodian shall, in its capacity as agent for the Trustee, transfer any Collateral Assets to be sold or otherwise realised or to be transferred to the Noteholders in accordance with the instructions of the Trustee and shall be entitled to rely absolutely without enquiry on such instructions and shall not

be liable for so doing, other than in the case of its gross negligence, fraud or wilful default.

“Securities Lending Counterparty Default Event” means the occurrence of an Event of Default (as defined in the Securities Lending Agreements) with respect to a Securities Lending Counterparty under the terms of the relevant Securities Lending Agreement.

“Swap Counterparty Default Event” means the occurrence of an Event of Default (as defined in the Charged Agreement) with respect to the Swap Counterparty under the terms of the Charged Agreement and the designation of an Early Termination Date thereunder.

“Counterparty Default Event” means either a Securities Lending Counterparty Default Event or a Swap Counterparty Default Event.

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23. | Form of Notes: | |
| | (i) Bearer Notes: | Not applicable. |
| | (ii) Registered Notes: | Applicable: Global Registered Certificate exchangeable for definitive Registered Certificates at any time in the limited circumstances specified in the Global Registered Certificate. |
| | (iii) TEFRA: | Not applicable. |
| 24. | (i) New Global Note | Not applicable. |
| | (ii) New Global Note intended to be held in a manner which would permit the Notes to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “Eurosystem”) | Not applicable. |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Not applicable. |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No. |
| 27. | Details relating to Partly Paid Notes: | Not applicable. |
| 28. | Details relating to Instalment Notes: | Not applicable. |

29. Redenomination applicable:

Not applicable.

30. Security:

(i) Charged Assets:

The Charged Assets on any date shall consist of (i) any Cash standing to the credit of the Collateral Account (as to which, see item (vii) below) on such date and (ii) any Collateral Securities standing to the credit of the Collateral Account (as defined below) on such date.

Without prejudice to the provisions of the Securities Lending Agreements (as described below), at any time during the Investment Period, the securities standing to the credit of the Collateral Account may be subject to Substitution pursuant to Special Condition (II) below.

The “**Collateral Securities**” on any date are:

- (1) the securities described in Annex 1 to these Terms to the extent that such securities are outstanding on such date and have not been transferred by the Issuer (or the Custodian on behalf of the Issuer) pursuant to Special Condition (II) below; and
- (2) any Eligible Collateral Securities that have been transferred to the Issuer (or the Custodian on behalf of the Issuer) pursuant to Special Condition (II) to the extent that such securities are outstanding on such date,

and in the case of each of item (1) or (2) above, for the avoidance of doubt, whether or not such securities are standing to the credit of the Collateral Account and thereby comprise Charged Assets or whether or not such securities comprise Exchanged Collateral (as defined below).

“**Eligible Collateral Securities**” means securities that satisfy the following criteria as at the date on which such securities are initially credited to the Collateral Account:

- (1) are issued by the Federal Republic of Germany, the French Republic or the Government of The Netherlands;
- (2) pay a fixed rate coupon;
- (3) are part of an issue with an aggregate outstanding nominal amount of at least EUR 5,000,000,000; and
- (4) have a legal final maturity date which is less

than the Maturity Date.

“Investment Period” means the period from and including the Issue Date to and including the date which is three calendar months after the Issue Date.

For the avoidance of doubt, no Eligible Collateral Securities shall be required to be removed from the Collateral Account or otherwise replaced in the event that such Eligible Collateral Securities do not satisfy the above criteria at any time after such Collateral Securities are initially credited to the Collateral Account.

The determination as to whether any securities comprise Eligible Collateral Securities shall be made by the Calculation Agent acting in a commercially reasonable manner, and the Issuer shall have no liability for any such determination.

On the last day of the Investment Period, the Issuer will notify the Noteholders of the outstanding nominal amount of each Collateral Security standing to the credit of the Collateral Account as of the last day of the Investment Period provided that, if no Substitution has occurred during the Investment Period the Issuer shall not be obliged to give such notification.

- | | | |
|-------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii) | Replacement: | Condition 4(f)(1) shall not apply, without prejudice to the application of the Special Conditions below. |
| (iii) | Substitution: | Condition 4(f)(2) shall not apply, without prejudice to the application of the Special Conditions below. |
| (iv) | Custodian: | The Bank of New York Mellon, acting through its London Branch. |
| (v) | Charging Instrument: | Not applicable. |
| (vi) | Depository Account: | Each account of the Custodian in which the Collateral Securities are held from time to time. |
| (vii) | Collateral Account: | A securities account together with a cash account both opened on behalf of the Issuer with the Custodian. The Collateral Account shall record the Custodian's holding of the Charged Assets by reference to the Issuer and to this Series. The Collateral Account shall also record the Custodian's holding of any Exchanged Securities (as defined in item 31 below) by reference to the Issuer and to this Series and the relevant Securities Lending Counterparty. The Charged Assets and the Exchanged Securities shall be segregated from the Custodian's own assets and assets that the |

Custodian is holding for other clients or in respect of other Series.

The Custodian shall arrange for the delivery of Substituted Collateral Assets (as defined in Special Condition (II)) to the Swap Counterparty and shall accept the delivery of Substitute Collateral Assets (as defined in Special Condition (II)) which the Swap Counterparty may deliver, in accordance with the instructions of the Swap Counterparty given pursuant to the Swap Confirmation and shall promptly update the Collateral Account accordingly. The Custodian shall not be responsible for ascertaining whether or not the Issuer and the Swap Counterparty, in making such deliveries, are acting in accordance with the terms of the Swap Confirmation and shall be entitled to rely absolutely without enquiry on any instructions received by it from the Swap Counterparty or, following a Counterparty Default Event, the Trustee and shall not be liable for so doing, other than in the case of its gross negligence, fraud or wilful default.

The Custodian shall arrange for transfers of Collateral Securities comprised in the Charged Assets and Exchanged Securities (as defined in item 31 below) to or to the order of the relevant Securities Lending Counterparty and shall accept the transfer of Exchangeable Securities and/or Cash (each as defined in item 31 below) which the relevant Securities Lending Counterparty shall transfer, or procure the transfer of, from time to time to the extent that such transfers are required pursuant to the relevant Securities Lending Agreement and shall promptly update the Collateral Account accordingly. The Custodian shall not be responsible for ascertaining whether or not the Issuer and the relevant Securities Lending Counterparty, in making such transfers, are acting in accordance with the terms of the relevant Securities Lending Agreement and shall be entitled to rely absolutely without enquiry on any instructions received by it from either Securities Lending Counterparty or, following a Counterparty Default Event, the Trustee and shall not be liable for so doing, other than in the case of its gross negligence, fraud or wilful default.

Cash standing to the credit of the Collateral Account shall accrue interest from day to day at a rate determined by the Custodian in a commercially reasonable manner on the basis of the daily rates of the day-to-day Euro-zone interbank euro money market or, in the case of Cash in a currency other than euro, such daily rates as the Custodian determines in a commercially reasonable manner are generally used in the London interbank market

in respect of overnight deposits in the relevant currency.

The following amounts of Cash may from time to time be standing to the credit of the Collateral Account:

Any amounts of interest and principal received by or on behalf of the Issuer in respect of the Collateral Securities (either directly, to the extent that Collateral Securities are comprised in the Charged Assets, or indirectly, to the extent that Collateral Securities comprise Exchanged Collateral and amounts equal to such interest and principal are required to be paid by the relevant Securities Lending Counterparty to the Issuer) are required to be paid by the Issuer (or by the Custodian on its behalf) to the Swap Counterparty and any amounts of interest and principal received by or on behalf of the Issuer in respect of any securities comprising Exchanged Securities (as defined in item 31 below) are required to be paid by the Issuer (or by the Custodian on its behalf) to the relevant Securities Lending Counterparty. Any such amounts of interest and principal received by or on behalf of the Issuer shall, pending payment thereof to the Swap Counterparty or, as the case may be, the relevant Securities Lending Counterparty, be credited to the Collateral Account. Also, any proceeds of sale of any Collateral Securities shall be credited to the Collateral Account in accordance with item 22 above pending application in accordance with Condition 4(d) (as amended by item 12 (ii) above) or, as applicable following a Counterparty Default Event, item 22 above. Also, Cash standing to the credit of the Collateral Account shall include any Cash comprising Exchanged Securities.

- | | | |
|--------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (viii) | Collateral Agent: | UBS AG, London Branch |
| (ix) | Charged Agreement: | An agreement under the Master Swap Terms (August 2008 Edition) made between the Swap Counterparty and the Issuer and dated on or about the Issue Date together with a confirmation thereunder in respect of a swap transaction (the “ Swap Transaction ”) between the same parties dated as of the same date. |
| (x) | Swap Counterparty: | UBS AG, London Branch. |
| (xi) | Other: | The security for the Notes shall also include a first fixed charge over the Exchanged Securities (as defined in item 31 below) and an assignment by way of first fixed security of the Issuer’s rights against the Custodian with respect to the Exchanged Securities. The Exchanged Securities |

(and all rights in respect thereof) form part of the Mortgaged Property in respect of the Notes.

See also Special Condition (III) below.

31. Securities Lending Agreements:

Applicable: There are two Securities Lending Agreements on substantially identical terms, one between UBS Limited as Securities Lending Counterparty (a **"Securities Lending Counterparty"**) and the Issuer, and the other between UBS AG, London Branch as Securities Lending Counterparty (also a **"Securities Lending Counterparty"**) and the Issuer. Each Securities Lending Counterparty may, at any time from and including the Issue Date to and including the Securities Lending End Date (as defined in the Securities Lending Agreements) and pursuant to the relevant Securities Lending Agreement, elect to exchange, or arrange the exchange of, any amount of the Collateral Securities comprised in the Charged Assets (with respect to a Securities Lending Counterparty, such Collateral Securities so delivered, the **"Exchanged Collateral"**) for Cash and/or Exchangeable Securities provided that immediately following such exchange, the Exchanged Securities shall have an Exchanged Securities Haircut Value which shall not be less than the Exchanged Collateral Value (as defined in the Securities Lending Agreements). Upon exchange, the relevant Cash and/or Exchangeable Securities credited to the Collateral Account shall constitute **"Exchanged Securities"**.

"Cash" means cash in any currency.

"Exchangeable Securities" are securities meeting certain prescribed criteria, as more particularly set out in the Securities Lending Agreements.

"Securities Lending Agreement Termination Option" means the election by a Securities Lending Counterparty pursuant to the relevant Securities Lending Agreement to terminate such Securities Lending Agreement in whole or in such part which is an integral multiple of the Authorised Denomination. The Securities Lending Agreement Termination Option shall be exercisable on any Business Day falling no earlier than the first Interest Payment Date following the date which is at least five years after the Issue Date (each such date, a **"Securities Lending Agreement Termination Date"**) by notice from the relevant Securities Lending Counterparty to the Issuer of the amount by which the relevant Securities Lending Agreement shall be reduced no later than 10 Business Days' prior to the relevant Securities Lending Agreement Termination Date.

The notional amount of the Securities Lending Agreement between UBS Limited and the Issuer as at the Issue Date is EUR 0 and the notional amount of the Securities Lending Agreement between UBS AG, London Branch and the Issuer as at the Issue Date is EUR 600,000,000. The “**Aggregate SLA Notional**” shall be EUR 600,000,000 provided that: (i) if a Securities Lending Agreement is terminated in whole or in part by the relevant Securities Lending Counterparty pursuant to the terms of the relevant Securities Lending Agreement, the notional amount of such Securities Lending Agreement and the Aggregate SLA Notional shall reduce accordingly; and (ii) if at any time any Notes are repurchased and cancelled pursuant to Condition 7(g) or any Further Notes are issued pursuant to Condition 16, the Aggregate SLA Notional shall be reduced or increased by, respectively, the principal amount of Notes purchased and cancelled or, as the case may be, issued and the notional amount of each Securities Lending Agreement shall be reduced or increased proportionately.

At any time and from time to time the Securities Lending Counterparties may upon not less than three Business Days' notice to the Issuer reset the notional amount of the Securities Lending Agreements to any amount provided that the aggregate of such notional amounts shall be equal to the Aggregate SLA Notional (the date of such reset being the “**Notional Reset Date**”).

The terms of each Securities Lending Agreement are set out in the Master Securities Lending Terms (August 2007 Edition), as modified and supplemented by the Constituting Instrument relating to the Notes. Any Exchanged Securities delivered by or on behalf of a Securities Lending Counterparty to the Issuer shall be credited to the Collateral Account (as to which see Clause 30(vii) above) but shall be segregated from the Charged Assets.

See also Special Condition (III) below.

- | | | |
|-----|---------------------------------------|-----------------|
| 32. | Credit Event Provisions: | Not applicable. |
| 33. | (i) If syndicated, names of Managers: | Not applicable. |
| | (ii) Stabilising Manager (if any): | Not applicable. |
| 34. | Additional selling restrictions: | None. |

| | | |
|-----|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 35. | ISIN Code: | XS0648133071 |
| 36. | Common Code: | 064813307 |
| 37. | Alternative Clearing System: | None. |
| 38. | Delivery: | Delivery against payment. |
| 39. | (i) Principal Paying Agent/Paying Agent: | Not applicable. |
| | (ii) Registrar: | UBS AG, London Branch. |
| 40. | Sub-Custody: | Not applicable |
| 41. | Calculation Agent: | UBS AG, London Branch. |
| 42. | Exchange of Permanent Global Note: | Not applicable. |
| 43. | Additional Business Day: | Not applicable. |
| 44. | Business Days: | Each day which is a day on which TARGET2 is operating and on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London. Each Business Day shall be a Relevant Business Day for the purpose of Condition 6(b). |
| 45. | Business Day Convention: | Following Business Day Convention. |
| 46. | Relevant Financial Centre: | Has the meaning given to it in Condition 6(j). |

Special Conditions:

(I) Mandatory Redemption

Condition 7(b) shall be deleted and replaced with the following:

“If a Mandatory Redemption Event occurs on or prior to the Maturity Date then the Notes shall become due and repayable as provided in this Condition 7(b) and item 22 of the Terms of the Notes as of the relevant Mandatory Redemption Date (as defined below). The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes are due and repayable at the amounts and/or in the manner specified in item 22 above as soon as reasonably practicable after becoming aware of such event or circumstance (the date of such notice, the “**Mandatory Redemption Date**”). Each of the following events in respect of any Collateral Securities (whether or not comprised in the Charged Assets or comprising Exchanged Securities, each such securities, the “**Relevant Securities**”) shall constitute a “**Mandatory Redemption Event**”:

- (1) failure by the obligor thereof to pay any amount of interest, principal or other amount in respect of the Relevant Securities strictly in accordance with the relevant Original Terms and Conditions; or
- (2) the Relevant Securities being declared or become capable of being declared due and payable prior to the maturity date scheduled in their Original Terms and Conditions for any reason whatsoever; or
- (3) the terms and conditions of any of the Relevant Securities are revised or supplemented or amended so that payments of principal, interest or any other amounts due will not be paid on the dates or in the amounts or in the currency or in the order of priority set out in the relevant Original Terms and Conditions.

None of the Issuer, the Registrar, the Trustee, the Custodian, the Swap Counterparty, either of the Securities Lending Counterparties or the Calculation Agent (nor any person on their behalf) shall have any duty or responsibility to investigate or check whether any Mandatory Redemption Event has occurred.

For the purposes of the foregoing provision, “**Original Terms and Conditions**” means, in respect of: (i) Relevant Securities other than the Initial Collateral Securities, the terms and conditions thereof as at the date such securities are added to the Collateral Account; and (ii) the Initial Collateral Securities, the terms and conditions thereof as at the Trade Date.

(II) Substitution of Charged Assets standing to the credit of the Collateral Account

The Collateral Agent shall (acting as agent for the Issuer) effect each Substitution in accordance with the instructions of the Swap Counterparty given pursuant to the Swap Confirmation.

A “**Substitution**” shall comprise:

- (a) a delivery of any of the Collateral Securities standing to the credit of the Collateral Account to the Swap Counterparty; and
- (b) a delivery of any Eligible Collateral Securities from the Swap Counterparty to the Issuer;

provided that the effect of the foregoing shall not cause the aggregate outstanding principal amount of the Collateral Securities standing to the credit of the Collateral Account immediately following the Substitution, as determined by the Calculation Agent,

to be less than the aggregate outstanding principal amount of the Collateral Securities standing to the credit of the Collateral Account immediately before the Substitution.

The Collateral Securities referred to in (a) above are “**Substituted Collateral Assets**” and the Eligible Collateral Securities referred to in (b) above are “**Substitute Collateral Assets**”.

The date on which a Substitution is effected is the “**Substitution Effective Date**”. The Substitution Effective Date shall be specified by the Swap Counterparty pursuant to the Swap Confirmation.

The Collateral Agent shall procure that, upon any release of the Substituted Collateral Assets from the security created by or pursuant to the Constituting Instrument, any Substitute Collateral Assets being substituted for the Substituted Collateral Assets shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. The Collateral Agent shall also procure that the delivery, transfer or assignment of the Substitute Collateral Assets to the Custodian (on behalf of the Issuer), or of the Substituted Collateral Assets by the Custodian (on behalf of the Issuer) to any party would not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any Substitution shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the Substituted Collateral Assets and the Substitute Collateral Assets and to the Swap Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection with such Substitution.

The Trustee shall not be liable to the Issuer, the Noteholders or any other person, nor shall the Issuer be liable to the Trustee, any Noteholder or any other person, for any loss arising from any arrangement referred to or otherwise arising from the operation of this Special Condition (II).

(III) Exchange, Further Exchanges and Redelivery by the Securities Lending Counterparties

(A) Purchase

The Custodian shall (acting as agent for the Issuer) on each relevant Delivery Date (as defined in the Securities Lending Agreements) effect each delivery of Collateral Securities comprised in the Charged Assets to or to the order of the relevant Securities Lending Counterparty against receipt of Cash and/or Exchangeable Securities (to be credited to the Collateral Account (as to which, see item 30(vii) of the Terms above) but segregated from any remaining Charged Assets) in accordance with the exercise by the relevant Securities Lending Counterparty of a Purchase Option under the relevant Securities Lending Agreement. Such delivered Collateral Securities shall, upon delivery and subject as provided in this Special Condition (III)(A), cease to be Charged Assets and shall become Exchanged Collateral. Such delivered Cash and/or Exchangeable Securities shall, upon delivery and subject as provided in this Special Condition (III)(A), become Exchanged Securities comprising part of the Mortgaged Property for the Notes.

It is a requirement of any delivery of Charged Assets to or to the order of the relevant Securities Lending Counterparty that upon any release of such Charged Assets from the security created by or pursuant to the Constituting Instrument, any Cash and/or Exchangeable Securities which will upon delivery comprise Exchanged Securities with respect to the relevant Securities Lending Counterparty shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument.

Furthermore, the delivery, transfer or assignment of Cash and/or Exchangeable Securities to the Custodian (on behalf of the Issuer), or of the relevant Charged Assets by the Custodian (on behalf of the Issuer) to or to the order of the relevant Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Charged Assets and the Exchangeable Securities and to the relevant Securities Lending Counterparty paying or procuring the payment of any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee, the Noteholders or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(A) and, in the absence of express notice to the contrary, the Trustee shall be entitled to assume that any Exchangeable Securities and/or Cash required to be delivered pursuant to this Special Condition (III)(A) have been so delivered as so required and the Trustee shall not be required to monitor or verify such delivery.

(B) Further Exchanges

The Custodian shall (acting as agent for the Issuer) on each relevant Further Exchange Date (as defined in the Securities Lending Agreements) effect each delivery of Exchanged Securities to or to the order of the relevant Securities Lending Counterparty against receipt of Cash and/or Exchangeable Securities (to be credited to the Collateral Account (as to which, see item 30(vii) of the Terms above) but segregated from any remaining Charged Assets) in accordance with the exercise by the relevant Securities Lending Counterparty of a Further Exchange Option under the relevant Securities Lending Agreement. Such delivered Exchanged Securities shall, upon delivery and subject as provided in this Special Condition (III)(B), cease to comprise part of the Mortgaged Property for the Notes. Such delivered Cash and/or Exchangeable Securities shall, upon delivery and subject as provided in this Special Condition (III)(B), become Exchanged Securities with respect to the relevant Securities Lending Counterparty comprising part of the Mortgaged Property for the Notes.

It is a requirement of any delivery of Exchanged Securities to or to the order of the relevant Securities Lending Counterparty that upon any release of such Exchanged Securities from the security created by or pursuant to the Constituting Instrument, any Cash and/or Exchangeable Securities which will upon delivery comprise new Exchanged Securities with respect to the relevant Securities Lending Counterparty shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of Cash and/or Exchangeable Securities to the Custodian (on behalf of the Issuer), or of the relevant Exchanged Securities by the Custodian (on behalf of the Issuer) to or to the order of the relevant Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Exchanged Securities and the Exchangeable Securities and to the relevant Securities Lending Counterparty paying or procuring the payment of any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee, the Noteholders or any other person for any loss

arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(B) and, in the absence of express notice to the contrary, the Trustee shall be entitled to assume that any Exchangeable Securities and/or Cash required to be delivered pursuant to this Special Condition (III)(B) have been so delivered as so required and the Trustee shall not be required to monitor or verify such delivery.

(C) Redelivery

The Custodian shall (acting as agent for the Issuer) on each relevant Redelivery Date (as defined in the Securities Lending Agreements) effect each delivery of relevant Exchanged Securities to or to the order of the relevant Securities Lending Counterparty against receipt of the corresponding Exchanged Collateral (to be credited to the Collateral Account, as to which, see item 30(vii) of the Terms above) in accordance with the exercise by the relevant Securities Lending Counterparty of a Redelivery Option under the relevant Securities Lending Agreement. Such delivered Exchanged Securities shall, upon delivery and subject as provided in this Special Condition (III)(C), cease to comprise part of the Mortgaged Property for the Notes. Such delivered Exchanged Collateral shall, upon delivery and subject as provided in this Special Condition (III)(C), become Charged Assets.

It is a requirement of any delivery of Exchanged Securities to or to the order of the relevant Securities Lending Counterparty that upon any release of such Exchanged Securities from the security created by or pursuant to the Constituting Instrument, any Exchanged Collateral which will upon delivery comprise Charged Assets shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Exchanged Collateral to the Custodian (on behalf of the Issuer), or of the relevant Exchanged Securities by the Custodian (on behalf of the Issuer) to or to the order of the relevant Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Exchanged Collateral and the Exchanged Securities and to the relevant Securities Lending Counterparty paying or procuring the payment of any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee, the Noteholders or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(C).

(IV) Authorisation

For as long as an Event of Default (as defined in the Securities Lending Agreements) with respect to the relevant Securities Lending Counterparty has not occurred and is not continuing, the Issuer will not exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in the relevant Exchanged Securities unless directed in writing to do so by the Trustee (acting in accordance with the instructions of the relevant Securities Lending Counterparty) or by the relevant Securities Lending Counterparty and, if such direction is given, the Issuer will act only in accordance with such directions (at the cost of the relevant Securities Lending Counterparty). In particular, the Issuer will not attend or vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) of, the relevant Exchanged Securities or give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Exchanged Securities unless it shall have been so directed in writing by the Trustee (acting in accordance with the instructions of the relevant Securities Lending Counterparty) (and at the cost of the relevant Securities Lending Counterparty).

or by the relevant Securities Lending Counterparty (and at the cost of the relevant Securities Lending Counterparty). If any such persons aforesaid are at any time requested to give an indemnity to any person in relation to the relevant Exchanged Securities or to assume obligations not otherwise assumed by them under any of the relevant Exchanged Securities, or to give up, waive or forego any of their rights and/or entitlements under any of the relevant Exchanged Securities, or agree any composition, compounding or other similar arrangement with respect to any of the relevant Exchanged Securities or any part of them, the Issuer will not give such indemnity or otherwise assume such obligations or give up, waive or forego such rights or agree such composition, compounding or other arrangement unless (i) it shall have been so requested by the Trustee (acting in accordance with the instructions of the relevant Securities Lending Counterparty (and at the cost of the relevant Securities Lending Counterparty)) or by the relevant Securities Lending Counterparty (and at the cost of the relevant Securities Lending Counterparty) and (ii) it shall have been counter-indemnified to its satisfaction.

If an Event of Default (as defined in the Securities Lending Agreements) with respect to the relevant Securities Lending Counterparty has occurred and is continuing, the terms of the foregoing paragraph shall apply except the words “(acting in accordance with the instructions of the relevant Securities Lending Counterparty) or by the relevant Securities Lending Counterparty” or “(acting in accordance with the instructions of the relevant Securities Lending Counterparty (and at the cost of the relevant Securities Lending Counterparty)) or by the relevant Securities Lending Counterparty (and at the cost of the relevant Securities Lending Counterparty)” shall be deemed to be deleted wherever they appear and shall be replaced by the words “or by an Extraordinary Resolution of the Noteholders”.

The Trustee will not be required to give any such direction (whether on the instructions of the relevant Securities Lending Counterparty or an Extraordinary Resolution of the Noteholders) unless it shall first have been indemnified and/or secured and/or prefunded to its satisfaction against any costs, expenses, losses or liabilities which it will or may suffer or incur in doing so.

(V) Additional Mandatory Redemption Event

The occurrence of an Event of Default in accordance with the terms of either Securities Lending Agreement shall be an Additional Mandatory Redemption Event for the purposes of Condition 7(b)(3).

(VI) Suspension of Payments

If a Potential Failure to Pay (as defined in item 7 above) occurs with respect to any Relevant Securities, all payments of interest in respect of the Notes shall be suspended until the earlier to occur of (i) the date on which such Potential Failure to Pay is remedied (ii) the date falling 30 calendar days after the occurrence of such Potential Failure to Pay and (iii) the expiry of any relevant grace period under the Original Terms and Conditions (as defined in item 7 above) of such Collateral Securities (such earlier date, the “**Suspension Cut-off Date**”). If a Mandatory Redemption Event occurs with respect to such Relevant Securities on or before the Suspension Cut-off Date, then interest shall be payable in respect of the Notes subject to and in accordance with Condition 7(e)(2) (as amended by item 22 above). If the Potential Failure to Pay is remedied on the Suspension Cut-off Date and if no other Mandatory Redemption Event has occurred with respect to the Relevant Securities then all suspended interest payments shall be made on the next following Business Day.

If a Potential Failure to Pay (as defined in item 7 above) occurs with respect to any Relevant Securities, all payments of principal shall be suspended until the Extended Maturity Date, unless and to the extent that the Notes fall due for redemption prior to the Extended Maturity Date (including, without limitation, by reason of the occurrence of a Mandatory Redemption Event on the relevant Suspension Cut-off Date or otherwise) pursuant to the Terms and Conditions of the Notes, in which case the Notes shall, to such extent, be redeemed in accordance with such relevant Terms and Conditions.

For the avoidance of doubt no interest or other compensation shall be paid in respect of any such suspended payments.

ANNEX 1

COLLATERAL SECURITIES

EUR 600,000,000 nominal amount of an issue of EUR 24,610,000,000 3.75 Fixed Rate Bonds due 2019 issued by the Republic of France (FR0010776161) (the “**Initial Collateral Securities**”).

ANNEX 2

NOTEHOLDER DELIVERY INSTRUCTION

To:

ELM B.V.

Prins Bernardplein 200
1097 JB Amsterdam
The Netherlands

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

[date]

NOTEHOLDER DELIVERY INSTRUCTION

ELM B.V. Series 151– EUR 600,000,000 Secured Bond Linked Notes due 2019 (the “Notes”)

We refer to the Issuer Redemption Notice dated [●].

We attach evidence hereto of our holding of Notes and represent that we have instructed our clearing system to block our interest in the Notes until the conclusion of a period beginning on the Business Day on which the Issuer Redemption Notice was delivered to our clearing system and ending on (and including) the date on which the Early Redemption Assets are delivered to our account specified below or otherwise transferred to us (or, in respect of any rights with respect to the Issuer Termination Entitlement, if we nominate a third party to receive any such rights with respect to the Issuer Termination Entitlement, the transfer of any such rights to such third party) in accordance with our instructions.

We acknowledge that this Noteholder Delivery Instruction shall not be valid unless (i) our evidence of holding of Notes is so attached and (ii) our interest in the Notes are blocked as described above.

In accordance with item 22 of the Terms of the Notes, in our capacity as a Noteholder we hereby request the transfer of the Early Redemption Assets (as determined in accordance with item 22 of the Terms of the Notes).

Our account details for the purposes of such transfer are as set out below:

[securities and, if applicable, cash account details of the Noteholder to be inserted]

[In relation to any transfer of rights with respect to the Issuer Termination Entitlement, please contact us in accordance with the details set out below:

[●]]

[In relation to any transfer of rights with respect to the Issuer Termination Entitlement, we hereby nominate *[name of third party]* to receive any such rights. Please contact *[name of third party]* in accordance with the details set out below:

[●]]

We hereby request that the Issuer and the Trustee countersign this Noteholder Delivery Instruction and forward a copy of such countersigned instruction to the Custodian in order to

instruct the Custodian to effect the transfer of the Early Redemption Assets in accordance with the request set out above.

Terms used but not otherwise defined herein shall have the meaning given to them in the Terms and Conditions of the Notes.

For and on behalf of
[Name of Noteholder]

By:

-

Countersigned by the Issuer and the Trustee in order to instruct the Custodian to effect the transfer of the Early Redemption Assets in accordance with the request set out herein.

For and on behalf of
ELM B.V.

By:

For and on behalf of
The Law Debenture Trust Corporation p.l.c.

By:

Description of the Charged Agreement

The Charged Agreement comprises the swap agreement entered into by the Issuer and the Swap Counterparty by their execution of the Constituting Instrument relating to the Notes on the terms of the ISDA 1992 form of Master Agreement (Multicurrency – Cross Border), as amended by the schedule set out in the Master Swap Terms (August 2008 Edition)) incorporated by reference into such Constituting Instrument and a confirmation (which is set out below) of a swap transaction (the “**Swap Transaction**”). Reference should also be made to item 30(ix) of the Terms of the Notes.

The Issuer has assigned by way of fixed security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, title, benefit and interest in, to and under the Charged Agreement and any sums and any other assets derived therefrom.

Payments to the Noteholders under the Notes are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Charged Agreement.

The form of confirmation in respect of the Swap Transaction is set out in full below. The Master Swap Terms comprised in the Charged Agreement in respect of the Notes include the following provisions:

- (A) The transaction comprised in the Charged Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Swap Counterparty: failure to pay or deliver, breach of agreement, misrepresentation, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms). The transaction comprised in the Charged Agreement will be capable of termination at the option of the Swap Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver and bankruptcy (as such events are more particularly described in the Master Swap Terms).
- (B) In the event that it becomes unlawful for either the Issuer or the Swap Counterparty to perform its obligations under the transaction comprised in the Charged Agreement, either the Issuer or the Swap Counterparty (or both) may have the right to terminate such transaction.
- (C) In the event that a withholding or deduction is, or there is a substantial likelihood that a withholding or deduction will be, imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under the transaction comprised in the Charged Agreement, neither party is obliged to gross up such payment and the party who has received, or would receive, such payment net of such withholding or deduction may have the right to terminate the transaction.
- (D) In the event that a withholding or deduction will be imposed on any payment to be made to the Issuer under a transaction comprised in the Charged Agreement as a result of a merger event affecting the Swap Counterparty, the Issuer may have the right to terminate the transaction.
- (E) If at any time the Notes become repayable in full prior to the Maturity Date, the transaction comprised in the Charged Agreement shall terminate automatically.
- (F) If the Notes are repurchased by the Issuer pursuant to Condition 7(g) and cancelled, a proportionate part of the transaction comprised in the Charged Agreement will terminate.
- (G) If the Notes are redeemed by the Issuer pursuant to Condition 7(f)(1) and item 11 of the Terms of the Notes, a proportionate part of the transaction comprised in the Charged Agreement will terminate.

- (H) In the event that a payment due in respect of the Charged Assets is, or would be required to be, made to the Issuer (or the Custodian on behalf of the Issuer) subject to a withholding or deduction for or on account of any tax as a result of a change in any tax law or the interpretation of any tax law after the Issue Date which is not grossed up by the Charged Assets obligor, then the Swap Counterparty has the right to terminate the transaction.

In the event of any such termination of the Swap Transaction an amount may be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer (including, without duplication, any applicable Unwind Costs (as defined in item 22 of the Terms of the Notes)); provided that no amount shall be so payable if the Notes fall due for redemption by reason of a Mandatory Redemption Event.

The Swap Counterparty will rank ahead of Noteholders in respect of any termination payment owing to the Swap Counterparty upon termination of the Charged Agreement (as to which, see items 12 and 22 of the Terms of the Notes). If a Counterparty Default Event has occurred and any termination payment is owing by the Swap Counterparty to the Issuer, the Issuer's claim to such payment shall be transferred to the Noteholders.

In the event of any inconsistency between the Master Swap Terms and the terms of the confirmation in respect of the Swap Transaction, the terms of such confirmation shall prevail.

The Charged Agreement is governed and shall be construed in accordance with English law.

Form of Confirmation of Swap Transaction

UBS AG, London Branch
100 Liverpool Street
London EC2M 2RH
(**"UBS"**)

ELM B.V.
Prins Bernardplein 200
1097 JB Amsterdam
The Netherlands

(**"ELM"**)

Attention: The Directors

Fax No: +31 20 521 4832

15 August 2011

Dear Sirs

The purpose of this letter agreement is to set out the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below (the **"Swap Transaction"**). This letter agreement constitutes a **"Confirmation"** as referred to in the Agreement (as defined below).

Words and expressions used, but not otherwise defined herein, shall have the same meaning ascribed to them (or incorporated by reference) in the Terms and Conditions of ELM's Series 151 EUR 600,000,000 Secured Bond Linked Notes due 2019 (the **"Notes"**).

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will prevail.

1. Swap Agreement

This Confirmation supplements, forms part of, and is subject to, the Swap Agreement relating to the Notes dated as of today's date between us and you (as the same may be amended or supplemented from time to time, the **"Agreement"**). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. Terms of Swap Transaction

The terms of the particular Swap Transaction to which this Confirmation relates are as follows:-

Trade Date : 4 July 2011

Effective Date : Issue Date.

Termination Date : The Maturity Date.

Calculation Agent : UBS.

Business Days : London and TARGET Settlement Date.

Initial Exchange

UBS Initial Exchange Amount : UBS delivers with full title guarantee the Initial Collateral Securities.

ELM Initial Exchange Amount : EUR 600,000,000 being an amount equal to the Issue Price multiplied by the Principal Amount of the Notes.

Initial Exchange Date : Effective Date.

Fixed and Floating Payments

Fixed and Floating Rate Payer : ELM.

Fixed and Floating Rate Payer Fixed and Floating Amounts : Amounts equal to (i) each Scheduled Amount payable to ELM in respect of the Charged Assets (each, a **“Charged Assets Payment”**) and (ii) each Scheduled Amount and (without duplication) each amount of cash comprised in any Fungible Assets (as defined in the Securities Lending Agreements) payable to ELM by the relevant Securities Lending Counterparty in respect of any relevant Exchanged Collateral (each, an **“Exchanged Collateral Payment”**). For the avoidance of doubt, if any such amounts payable to ELM are subject to withholding or deduction for or on account of any tax so that ELM is due to receive a net amount, the amount payable by ELM to UBS in respect of such distribution only shall be equal to such net amount.

“Scheduled Amount” means, with respect to any Charged Assets or Exchanged Collateral at any time, an amount equal to any amount of principal, interest, dividends or other distribution due in respect of such Charged Asset or Exchanged Collateral in accordance with the terms of such obligation at such time.

Fixed and Floating Rate Payer Payment Dates : In the case of a Charged Assets Payment: The earlier of (i) the Business Day following the date an amount of interest or principal is paid under the terms of the Charged Assets from time to time, and (ii) the earlier of (a) 30 calendar days after the date an amount of interest or principal is payable under the terms of the Charged Assets and (b) the date upon which any applicable grace period in respect of the payment of such amount of interest or principal expires;

In the case of an Exchanged Collateral Payment: The earlier of (i) the date an Income Payment in respect of any relevant Exchanged Collateral or cash comprised in Fungible Assets is paid under the terms of the relevant Securities Lending Agreement, and (ii) the earlier of (a) 30 calendar days after the date an Income Payment in respect of any relevant Exchanged Collateral or cash comprised in Fungible Assets is payable under the terms of the relevant Securities Lending Agreement and (b) the date upon which any applicable grace period in respect of the payment of such Income Payment expires.

For the avoidance of doubt, if an Early Termination Date automatically occurs pursuant to the last paragraph of Section 1.7 of the Schedule to the Agreement by reason of the Notes becoming repayable in full prior to the maturity date thereof, a further Early Termination Date may not be designated by reason of any failure by ELM to pay any Fixed or Floating Amount to UBS.

| | | |
|-----------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Floating Rate Payer | : | UBS. |
| Floating Rate Payer Payment Dates | : | Interest Payment Dates under the Notes. |
| Floating Amounts | : | With respect to each Floating Rate Payer Payment Date, an amount equal to the aggregate of the Interest Amounts payable by ELM in respect of the Notes on such Interest Payment Date which is the same as such Floating Rate Payer Payment Date. |

Interim Exchange

| | | |
|------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UBS Interim Exchange Amounts | : | If, in relation to any Substitution, any Eligible Collateral Securities are required to be delivered to ELM, UBS shall on the Substitution Effective Date deliver such Eligible Collateral Securities to ELM with full title guarantee. |
| ELM Interim Exchange Amounts | : | If, in relation to any Substitution, any Collateral Securities are required to be delivered to UBS, ELM shall, or shall procure that the Collateral Agent shall, on the Substitution Effective Date, deliver such Collateral Securities to UBS. |

Final Exchange

| | | |
|---------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UBS Final Exchange Amount | : | On the Final Exchange Date, UBS shall transfer to ELM an amount equal to the aggregate Scheduled Redemption Amount payable in respect of all the Notes on the Maturity Date. |
| Final Exchange Date | : | The Termination Date. |

3. **Delivery of Charged Assets following Put Option**

If any Notes fall due for redemption pursuant to Condition 7(f)(1) (as amended by item 11 of the Terms) then UBS shall be entitled at any time on or after the relevant date for redemption to require ELM to deliver to it an amount of Charged Assets (as selected by UBS in its sole discretion) which is proportionate (rounded up to the nearest whole denomination in the case of securities) to the proportion of the Notes so redeemed. For these purposes, the Charged Assets shall be deemed to include any Exchanged Collateral; provided that if any such Exchanged Collateral is selected by UBS to be delivered to it, such Exchanged Collateral must first be delivered to ELM by the relevant Securities Lending Counterparty pursuant to and subject to the terms of the Securities Lending Agreement.

4. **Substitution of Collateral Securities**

ELM shall, or shall procure that the Collateral Agent shall, effect a Substitution pursuant and subject to the Terms of the Notes in accordance with instructions of UBS, provided that such instructions (which shall be given by UBS to the Collateral Agent (acting as agent on behalf of ELM) in such manner as may be agreed between UBS and the Collateral Agent) shall:

- (i) specify the Substitution Effective Date;
- (ii) specify the relevant Substituted Collateral Assets; and
- (iii) specify the relevant Substitute Collateral Assets.

UBS agrees that all costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection with any Substitution shall be borne by UBS.

5. **Sale of securities by UBS**

If the Terms of the Notes provide that the Swap Counterparty shall be required to sell any securities at any time or to convert any amount into euros, UBS shall sell such securities or make such conversion subject to and in accordance with the Terms of the Notes.

6. **Account Details**

Payments/Deliveries to UBS : to be advised

Payments/Deliveries to ELM : to be advised

Please confirm that the foregoing correctly sets out the terms of our agreement by executing two copies of this Confirmation and returning one duly executed copy to us at your earliest convenience.

Yours sincerely

UBS AG, LONDON BRANCH

By:

Authorised Signatory

By:

Authorised Signatory

Accepted and confirmed as
of the date written above:

ELM B.V.

By:

Authorised Signatory

Description of the Securities Lending Agreements

There are two Securities Lending Agreements on substantially identical terms, one between the Issuer (as “**Securities Seller**”) and UBS Limited (a “**Securities Buyer**”), and the other between the Issuer (as Securities Seller) and UBS AG, London Branch (also a “**Securities Buyer**”) and are constituted by the Constituting Instrument relating to the Notes and comprises the Master Securities Lending Terms (August 2007 Edition) as supplemented by such Constituting Instrument

The Issuer has assigned by way of fixed security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, title, benefit and interest in, to and under the Securities Lending Agreement and any sums and any other assets derived therefrom.

The Constituting Instrument sets out the following supplemented provisions with respect to the Master Securities Lending Terms:

(A) Certain Definitions

References in the Master Securities Lending Terms to “Purchased Assets” shall be construed as references to “Exchanged Collateral” or, as the case may be, Collateral Securities comprised in the Charged Assets which upon delivery will be Exchanged Collateral.

References in the Master Securities Lending Terms to “Purchase Transaction” shall be deemed to refer to all rights and obligations arising from and as a result of the exercise by the Securities Buyer of the Purchase Option, including such rights and obligations relating to the Further Exchange Option.

References herein to the Calculation Agent are to the Securities Buyer acting in such capacity. All amounts to be determined or calculated by the Calculation Agent pursuant to the Master Securities Lending Terms shall be so determined or calculated in good faith acting in a commercially reasonable manner.

Words and expressions used but not otherwise defined herein shall have the meanings given to them in the Terms and Conditions of the Notes.

(B) Purchase Option

In relation to the exercise of the Purchase Option (which may be exercised at any time prior to the Securities Lending End Date (as defined below), subject to the restrictions set out in Clause (J)(3) below) by the Securities Buyer pursuant to the Master Securities Lending Terms, the delivery by the Securities Seller on a Delivery Date of the Collateral Securities comprised in the Charged Assets to be delivered on such date (which the Securities Buyer may request to be delivered to it or to its order) shall be subject to the Securities Buyer delivering or arranging the delivery of Cash and/or Exchangeable Securities to the Securities Seller with an Exchanged Securities Haircut Value which shall not be less than the Exchanged Collateral Value.

The relevant Purchase Notice shall specify the Cash and/or Exchangeable Securities that will be delivered by the Securities Buyer to the Securities Seller in relation to the exercise of the relevant Purchase Option, in addition to the matters stated in the form of Purchase Notice set out in Schedule 1 to the Master Securities Lending Terms. Notwithstanding the definition of Purchase Notice in the Master Securities Lending Terms, any Purchase Notice must be given at least five Business Days prior to the Delivery Date.

As used herein:

“Adjusted Market Value” means, with respect to any Exchanged Securities, the quotient of:

(i) the Market Value of such Exchanged Securities; and

(ii) the sum of 100 per cent., Haircut Base and Haircut FX Add-on (as set out in Schedule A hereto with respect to the category of Exchangeable Securities which applies to such Exchanged Securities).

“Cash” means any cash in any currency.

“Exchangeable Securities” means any obligations as described in Schedule A hereto provided that such obligation meets the requirements listed in Schedule A hereto at the time such obligation is added to the Collateral Account notwithstanding that obligations with the same ISIN may already have been added to the Collateral Account and complied with the requirements set out in Schedule A hereto previously and provided that such obligation is capable of being held by the Custodian.

“Exchanged Collateral” means Collateral Securities comprised in the Charged Assets which have been delivered to the Securities Buyer pursuant to this Securities Lending Agreement.

“Exchanged Collateral Value” means, at any time, the aggregate Market Value of the Exchanged Collateral.

“Exchanged Securities” means all Exchangeable Securities and Cash which have been delivered to the Securities Seller and credited to the sub-account or ledger of the Securities Seller’s Collateral Account relating to the Securities Buyer to which this Securities Lending Agreement relates.

“Exchanged Securities Haircut Value” means, at any time, the sum of:

(i) 100 per cent. of the aggregate Market Value of Exchanged Securities which are Cash; and

(ii) the aggregate Adjusted Market Value of all other Exchanged Securities.

“Exchanged Securities Value” means, at any time, the aggregate Market Value of the Exchanged Securities.

“Market Value” means:

(i) in relation to Exchanged Collateral, Exchanged Securities (other than Cash) or Exchangeable Securities, as the case may be, the market value of such obligations as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner; and

(ii) in relation to Cash, the amount of such Cash,

in each case, where denominated in a currency other than EUR, converted into EUR at the applicable prevailing spot foreign exchange rate as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner at the time of such determination.

(C) **Redelivery Option**

There is no fixed Redelivery Date. In relation to the exercise of the Redelivery Option by the Securities Buyer pursuant to the Master Securities Lending Terms, the Securities Seller shall deliver Exchanged Securities or arrange the delivery of Exchanged Securities to the Securities Buyer on the relevant Redelivery Date subject to the Securities Buyer having delivered or arranged the delivery of the relevant Exchanged Collateral or Fungible Assets to the Securities Seller, provided that the Exchanged Securities Haircut Value of any remaining Exchanged Securities shall not be less than the Exchanged Collateral Value of any remaining Exchanged Collateral, as determined by the Calculation Agent, and each such delivery shall be made subject to and in accordance with Special Condition (III) of the Notes.

The relevant Redelivery Notice shall specify the Exchanged Securities that will be delivered by the Securities Seller in relation to the exercise of the relevant Redelivery Option, in addition to the matters stated in the form of Redelivery Notice set out in Schedule 2 to the Master Securities Lending Terms. Notwithstanding the definition of Redelivery Notice in the Master Securities Lending Terms, any Redelivery Notice must be given at least five Business Days prior to the Redelivery Date.

(D) **Redelivery on Securities Lending End Date**

The reference to "Maturity Date" in Clause 4.3 of the Master Securities Lending Terms shall be deleted and replaced with a reference to the "Securities Lending End Date" and the Securities Buyer shall be obliged to exercise the Redelivery Option in respect of which the Redelivery Date shall be the Securities Lending End Date. The **"Securities Lending End Date"** means the day which is three Business Days prior to the Maturity Date.

(E) **Further Exchange Option**

The Securities Buyer may, subject to the provisions hereof and subject to and in accordance with Special Condition (III) of the Notes, at any time exercise the Further Exchange Option, provided that, immediately following the exercise of such Exchange Option, the Exchanged Securities Haircut Value shall not be less than the Exchanged Collateral Value, as determined by the Calculation Agent.

As used herein:

"Further Exchange Date" means a date specified as such in the relevant Further Exchange Notice on which an exercise of the Further Exchange Option shall be settled.

"Further Exchange Option" means the option of the Securities Buyer at any time and from time to time prior to the Securities Lending End Date exercisable by delivering a Further Exchange Notice to the Securities Seller to require the delivery to it or to its order on the Further Exchange Date of the amount of Exchanged Securities (if any) specified in such Further Exchange Notice on terms that the Securities Buyer shall be obliged to deliver or arrange the delivery of further Cash and/or Exchangeable Securities (if any) as specified in the Further Exchange Notice to the Securities Seller on the Further Exchange Date.

"Further Exchange Notice" means a notice signed for and on behalf of the Securities Buyer substantially in the form set out in Schedule B hereto by delivery of which to the Securities Seller and the Custodian no less than five Business Days

prior to the relevant Further Exchange Date (or on shorter notice if agreed by the Custodian), provided that if the Securities Buyer shall be obliged to deliver or arrange the delivery of further Cash only to the Securities Seller, such notice may be delivered on or prior to the relevant Further Exchange Date, the Securities Buyer may exercise the Further Exchange Option in respect of the amount of Exchanged Securities specified in such notice.

(F) Exchanged Securities Event

If an Exchanged Securities Event occurs, the Securities Buyer shall, within five Business Days of becoming aware of the same, exercise either the Redelivery Option subject to and in accordance with Clause (C) above and the Master Securities Lending Terms or the Further Exchange Option subject to and in accordance with Clause (E) above and the Master Securities Lending Terms such that all of the Affected Exchanged Securities are delivered to the Securities Buyer.

As used herein:

“Exchanged Securities Event” means the occurrence of an event of default (howsoever described) in respect of any Exchanged Securities pursuant to the terms and conditions of such Exchanged Securities (the relevant affected Exchanged Securities being **“Affected Exchanged Securities”**).

(G) Exchanged Securities Value Maintenance

In the event that the Securities Buyer determines that, as of 4.00 pm (London time) on any Business Day, the Exchanged Securities Value is less than the Exchanged Collateral Value then, within five Business Days of such determination, the Securities Buyer shall exercise the Further Exchange Option subject to and in accordance with Clause (E) above and the Master Securities Lending Terms such that the Exchanged Securities Value is no less than the Exchanged Collateral Value (as determined by the Calculation Agent).

In the event that the Securities Buyer determines that, as of 4.00 pm (London time) on any Business Day, the Exchanged Securities Haircut Value is greater than the Exchanged Collateral Value then the Securities Buyer may exercise the Further Exchange Option subject to and in accordance with Clause (E) above and the Master Securities Lending Terms provided that, immediately following the delivery of the relevant Exchanged Securities, the Exchanged Securities Haircut Value is no less than the Exchanged Collateral Value (as determined by the Calculation Agent).

(H) Income Payments

Clause 5 of the Master Securities Lending Terms shall be deleted and replaced by the following paragraph:

“Where the Term of a particular Purchase Transaction extends over an Income Payment Date with respect to any Exchanged Securities, the Securities Seller shall no later than the Business Day following the date on which an Income Payment is made by the issuer of or obligor in respect of such Exchanged Securities transfer or credit to the account of the Securities Buyer or to such other account as the Securities Buyer may specify an amount equal to (and in the same currency as) the Income Payment made by such issuer or obligor. Where the Term of a particular Purchase Transaction extends over an Income Payment Date with respect to any Exchanged Collateral, the Securities Buyer shall no later than the Business Day following the date on which an Income Payment is made by the

issuer of or obligor in respect of such Exchanged Collateral transfer or credit, or arrange the transfer or credit, to the account of the Securities Seller an amount equal to (and in the same currency as) the Income Payment made by such issuer or obligor. For the purpose of this paragraph, an **"Income Payment"** is a payment of principal, interest or other distributions made by the issuer or obligor of the relevant Exchanged Securities (or, if the Exchanged Securities comprise Cash, a payment of interest by the Custodian) or, as the case may be, Exchanged Collateral thereon and an **"Income Payment Date"** is the date on which an Income Payment is made in respect of the relevant Exchanged Securities or, as the case may be, Exchanged Collateral."

(I) **Termination on Securities Lending End Date**

Clause 7.1 of the Master Securities Lending Terms shall be amended by the deletion of the words "On Maturity Date of the Notes of the relevant Series" in the sub-title thereof and their replacement with the words "On the Securities Lending End Date" and the deletion of the words "Maturity Date" in the third line of such Clause and their replacement with the words "Securities Lending End Date".

(J) **Termination following purchase of Notes or Notes becoming due and repayable**

- (1) Clause 7.2 shall apply other than in relation to a redemption pursuant to Condition 7(f), in which case paragraph (3) below shall apply; provided that deliveries shall only occur on the relevant Redelivery Date if and to the extent that the Securities Buyer determines in its sole and absolute discretion that Exchanged Securities can feasibly be exchanged for Exchanged Collateral (and to the extent that the Securities Buyer so determines it is not feasible, the relevant Exchanged Collateral shall be retained by the Securities Buyer absolutely).
- (2) If the Notes fall due for redemption pursuant to Condition 7(b) or Condition 7(c) or Condition 9 then upon termination of this Securities Lending Agreement an amount equal to any applicable positive Unwind Costs shall be payable by the Securities Seller to the Securities Buyer or, as the case may be, the absolute value of any applicable negative Unwind Costs shall be payable by the Securities Buyer to the Securities Seller.
- (3) The following new Clause 7.2(D) shall be inserted into the Master Securities Lending Terms:

"(D) The notional amount of the Securities Lending Agreement between UBS Limited and the Securities Seller as at the Issue Date is EUR 0 and the notional amount of the Securities Lending Agreement between UBS AG, London Branch and the Securities Seller as at the Issue Date is EUR 600,000,000. The **"Aggregate SLA Notional"** shall be EUR 600,000,000 provided that: (i) if a Securities Lending Agreement is terminated in whole or in part by the relevant Securities Lending Counterparty pursuant to the terms of the relevant Securities Lending Agreement, the notional amount of such Securities Lending Agreement and the Aggregate SLA Notional shall reduce accordingly; and (ii) if at any time any Notes are repurchased and cancelled pursuant to Condition 7(g) or any Further Notes are issued pursuant to Condition 16, the Aggregate SLA Notional shall be reduced (subject to a minimum of zero) or increased by, respectively, the principal amount of Notes purchased and cancelled or, as the case may be, issued and the notional amount of each Securities Lending Agreement shall be reduced or increased proportionately. At any time and from time to time the Securities

Buyers may upon not less than three Business Days' notice to the Securities Seller reset the notional amount of the Securities Lending Agreements to any amount provided that the aggregate of such notional amounts shall be equal to the Aggregate SLA Notional (the date of such reset being the "**Notional Reset Date**").

The outstanding principal amount of any Exchanged Collateral which is the subject of a Securities Lending Agreement must not exceed the notional amount of the relevant Securities Lending Agreement. If as a result of any reduction in the notional amount of a Securities Lending Agreement for any reason the outstanding principal amount of any relevant Exchanged Collateral would be greater than the notional amount of the relevant Securities Lending Agreement, the Securities Buyer shall exercise the Redelivery Option specifying a Redelivery Date not later than the relevant Notional Reset Date or, as the case may be, the Securities Lending Agreement Termination Date such that the outstanding principal amount of such Exchanged Collateral shall not exceed the reduced notional amount of the relevant Securities Lending Agreement.

A Securities Buyer may terminate its Securities Lending Agreement in whole or in such part which is an integral multiple of the Authorised Denomination (the "**Securities Lending Agreement Termination Option**") on any Business Day falling no earlier than the first Interest Payment Date following the date which is at least five years after the Issue Date subject to giving the Securities Seller no less than ten Business Days' prior notice of the amount by which the notional amount of such Securities Lending Agreement shall be reduced (each such date on which the Securities Lending Agreement terminates in whole or in part upon the expiry of such notice being the "**Securities Lending Agreement Termination Date**").

(K) **Representations**

References in Clause 8.2 and Clause 8.3 of the Master Securities Lending Terms to Purchased Assets shall be deemed to be references to Exchanged Collateral and Exchanged Securities.

(L) **Events of Default**

Clause 9 of the Master Securities Lending Terms shall be deleted in its entirety and replaced with the following:

"9. Events of Default

9.1 There shall be an Event of Default with respect to either party (the "**Defaulting Party**", the other party being the "**non-Defaulting Party**") with respect to any Purchase Transaction if:

- (A) (a) either party fails to deliver the Exchanged Collateral, Exchanged Securities or, as the case may be, Fungible Assets on the due date for delivery thereof to the other party in accordance with the provisions of these Master Securities Lending Terms and the relevant Purchase Transaction and such failure continues unremedied for a period of 14 days after the earlier of (i) the date on which the Defaulting Party becomes aware of such failure and (ii) the date of receipt by the Defaulting Party of written notice by the non-Defaulting Party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a

Default Notice on the Defaulting Party; or

- (B) (a) either party fails to make payment of any amount payable by it to the other party in respect of an Income Payment on the due date for payment thereof or fails to make payment of any other amount payable by it under these Master Securities Lending Terms in respect of the relevant Purchase Transaction and such failure is continuing unremedied for a period of 14 days after the earlier of (i) the date on which the Defaulting Party becomes aware of such failure and (ii) the date of receipt by the Defaulting Party of written notice by the non-Defaulting Party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or
- (C) (a) either party (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (b) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clause (1) to (7) inclusive; or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or
- (D) (a) either party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such party under these Master Securities Lending Terms in respect of the relevant Purchase Transaction to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the Trustee

and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

- (E) (a) either party is suspended or expelled from ownership or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any governmental agency or any of the assets of either party hereto or the assets of investors held by, or to the order of, either party hereto are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulatory legislation and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or
- (F) (a) either party fails to perform any other of its obligations under these Master Securities Lending Terms in respect of the relevant Purchase Transaction and does not remedy such failure within 30 days after notice is given by the other party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or
- (G) (a) any representations made by either party in these Master Securities Lending Terms are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party.

The Redelivery Date for each Purchase Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Exchanged Collateral shall be immediately deliverable and Exchanged Securities shall be immediately deliverable (and so that, where this sub-Clause applies, performance of the respective obligations of the parties with respect to the delivery of Exchanged Collateral and Exchanged Securities shall be effected only in accordance with the provisions of sub-Clause 9.2 below).

- 9.2 The Default Market Values of the Exchanged Collateral and Exchanged Securities deliverable by each party shall be established by the non-Defaulting Party for all Purchase Transactions as at the Redelivery Date and on the basis of the sums so established, an account shall be taken (as at the Redelivery Date) of what is due from each party to the other under the Securities Lending Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Exchanged Collateral or Exchanged Securities under the Securities Lending Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the amount shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day,

where:

“Default Market Value” means at any time, in relation to any Exchanged Collateral or Exchanged Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the relevant Exchanged Collateral or Exchanged Securities) as the non-Defaulting Party considers appropriate.

9.3

- (A) Subject to Clause 9.3(B) below, if as a result of any Purchase Transaction terminating before its agreed Redelivery Date, provided that the Securities Buyer is the non-Defaulting Party, the Securities Buyer incurs any loss or expense in entering into replacement transactions or in otherwise hedging its exposure arising in connection with a Purchase Transaction so terminating, the Securities Seller shall be required to pay the Securities Buyer the amount determined by the Securities Buyer in good faith and without double counting to be equal to the loss or expense incurred in connection with such replacement transactions or hedging (including all fees, costs and other expenses) less the amount of any profit or gain made by the Securities Buyer in connection with such replacement transactions or hedging; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the Securities Buyer to the Securities Seller.
- (B) Provided that the Securities Buyer is the non-defaulting Party, if the Securities Buyer reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the Securities Buyer entered into in connection with the Purchase Transaction so terminating, or to enter into replacement hedging transactions, the Securities Seller shall be required to pay to the Securities Buyer the amount determined by the Securities Buyer in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by the Securities Buyer in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the Securities Buyer to the Securities Seller.”.

(M) **Default Notice**

The definition of “Default Notice” in Annex 1 of the Master Securities Lending Terms shall be deleted in its entirety and replaced by the following:

““Default Notice” means a written notice served by the non-Defaulting Party (with the prior written consent of the Trustee if the non-Defaulting Party is the Securities Seller) or the Trustee (if the non-Defaulting Party is the Securities Seller) on the Defaulting Party in accordance with the provisions of these Master Securities Lending Terms stating that an event shall be treated as an Event of Default for the purposes of a Purchase Transaction;”.

SCHEDULE A

| Exchangeable Securities ¹ | Minimum Rating at Inclusion | Permitted List | Currency | Haircut | Haircut | MAXIMUM PERMISSIBLE CONCENTRATION | MAXIMUM PERMISSIBLE CONCENTRATION | MAXIMUM PERMISSIBLE CONCENTRATION |
|---------------------------------------------|---------------------------------------------|----------------|----------|---------|------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | | | Base | FX Add-on ² | PER OBLIGOR | PER ISIN | PER ASSET CLASS |
| Government Securities | B-(S&P/Fitch)/B3 (Moody's)/B low (DBRS) | G7, CHF, AUD | | 10% | 2.50% | Unlimited | Unlimited | Unlimited |
| Corporate Bonds | B-/(S&P/Fitch)/B3 (Moody's)/B low (DBRS) | G7, CHF, AUD | | 10% | 2.50% | 35% | 35% | Unlimited |
| Covered Bonds/Agency Bonds /Municipal Bonds | B-/(S&P/Fitch)/B3 (Moody's)/B low (DBRS) | G7, CHF, AUD | | 10% | 2.50% | 35% | 35% | Unlimited |
| RMBS | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 65% |
| CMBS | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 65% |
| Re-remic | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 65% |
| CLO | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 65% |
| Ramp-up CLO: Senior Tranche | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 50% |
| Mortgage Loan Portfolio | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 50% |
| Leveraged Loan Portfolio | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 50% |
| Other Loan Portfolio | Unrated | G7, CHF, AUD | | 10% | 2.50% | Unlimited | 35% | 50% |
| Single Loan | Unrated | G7, CHF, AUD | | 25% | 2.50% | 35% | 35% | 50% |

¹ Obligor must be located in a Permitted Country

² Haircut FX Add-on is only applicable for non-Euro denominated Exchangeable Securities

DEFINITIONS

For the purposes of this Schedule A:

“Agency Bonds” means Bonds issued by a government sponsored agency;

“Asset-Backed Security” means a security that is primarily serviced by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, and that by its terms is scheduled to convert into cash within a finite time period, together with any rights or other assets designed to assure the servicing or timely distribution of proceeds to the holders thereof;

“Bond” means any obligation of a type included within the definition of Borrowed Money that is in form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security;

“Borrowed Money” means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

“CLO” means Asset-Backed Securities (other than Asset-Backed Securities comprising RMBS or CMBS) that entitle the holders thereof to receive payments that primarily depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of Asset-Backed Securities) on the cash flow from a portfolio of one or more Loans and/or Bonds, including such Asset-Backed Securities secured by interests in or representing one or more credit default swaps or other synthetic or similar instruments the reference obligations of which are Loans and/or Bonds;

“CMBS” means Asset-Backed Securities that entitle the holders thereof to receive payments that primarily depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of Asset-Backed Securities) on the cash flow from a pool of mortgages secured in whole or part on commercial property;

“Corporate Bonds” means a debt security issued by a company including, but not limited to, financial institutions;

“Covered Bonds” means Bonds which are issued by, or the holders of the security otherwise have recourse to, a credit or financial institution (the **“Institution”**) or credit or financial institutions (the **“Institutions”**), and the holder of which have a claim against a cover pool or covered pools of financial assets in priority to the unsecured creditors of the Institution or Institutions;

“DBRS” means DBRS, Inc. or any successor to its credit rating business;

“Fitch” means Fitch Ratings Limited or any successor to its credit rating business;

“Government Securities” means Bonds issued or guaranteed by a Sovereign or a Sovereign Agency;

“G7” means any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership);

“Leveraged Loan Portfolio” means a portfolio of one or more Loans extended to corporate obligors;

“Loan” means any obligation of a type included within the definition of Borrowed Money that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement;

“Maximum Permissible Concentration” means, with respect to Exchanged Securities falling within the relevant category of Exchangeable Securities, the percentage which the Adjusted Market Value of the Exchanged Securities bears to the outstanding Principal Amount of the Notes, unless the specified maximum permissible concentration is “Unlimited” in which case there is no maximum permissible concentration;

“Minimum Rating at Inclusion” means at the time the relevant Exchangeable Securities are added to the Collateral Account, such Exchangeable Securities have at least the specified rating from any of: (i) Moody’s; or (ii) S&P; or (iii) Fitch; or (iv) DBRS, unless the specified rating is “Unrated” in which case there is no requirement for Exchangeable Securities to have any rating;

“Moody’s” means Moody’s Investor Service, Inc. or any successor to its credit rating business;

“Mortgage Loan Portfolio” means a portfolio of one or more commercial mortgage loans or residential mortgage loans;

“Municipal Bonds” means Bonds issued by a city or other local government entity or agency of the same;

“Obligor” means either the issuer or the guarantor of the relevant Exchangeable Securities;

“Other Loan Portfolio” means any portfolio of one or more Loans whether or not falling within the definition of either Leveraged Loan Portfolio or Mortgage Loan Portfolio;

“Permitted Country” means any of:

- Argentina
- Australia
- Austria
- Barbados
- Brazil
- Belgium
- Bermuda
- British Virgin Islands
- Bulgaria
- Canada
- Cayman Islands
- Channel Islands (Alderney, Guernsey, Jersey, Great Sark, Herm, Little Sark, Brechou)
- Chile
- China
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Dubai
- Estonia
- Finland
- France
- Germany
- Gibraltar
- Greece
- Hungary

- Iceland
- India
- Indonesia
- Ireland
- Isle of Man
- Israel
- Italy
- Japan
- Latvia
- Lithuania
- Luxembourg
- Malaysia
- Malta
- Mexico
- Monaco
- Morocco
- Netherlands
- New Zealand
- Norway
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Romania
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- The Bahamas
- Turkey
- United Kingdom
- United States of America (including the state of Delaware and the United States Virgin Islands)
- Vietnam
- any country that becomes a Member State of the European Union

provided that upon inclusion of any Exchangeable Security the Maximum Permissible Concentration with respect to a Permitted Country which is not a G7 country shall not exceed 50%;

“Permitted Currency List” means the legal tender of (a) any G7 country or (b) Switzerland or (c) Australia;

“Ramp-up CLO: Senior Tranche” means a CLO in respect of which the underlying loan portfolio is in the process of being ramped up as at the proposed date of inclusion;

“Re-remic” means a repackaging or resecuritisation of an asset effected by a special purpose vehicle, trust, or other similar structure;

“RMBS” means Asset-Backed Securities that entitle the holders thereof to receive payments that primarily depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of Asset-Backed Securities) on the cash flow from residential mortgage loans or balances (including revolving balances) outstanding under lines of credit secured by residential real estate (single or multi-family properties);

“Single Loan” means a single Loan;

“Sovereign” means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof;

“Sovereign Agency” means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign; and

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to its credit rating business.

SCHEDULE B: FORM OF FURTHER EXCHANGE NOTICE
[On letterhead of relevant Securities Buyer]

[Date]

ELM B.V. (the “**Securities Seller**”)

Attention: [•]
Fax No: [•]

Custodian: [•]
[address]

Attention: [•]
Fax No: [•]

Dear Sirs

ELM B.V. – Series 151 Secured Bond Linked Notes due 2019 ISIN: XS0648133071

We refer to the issue of the above-captioned Series of Notes and to the Securities Lending Agreement (as defined in the Terms of such Notes) between the Securities Seller and ourselves, as Securities Buyer, in connection therewith. Words and expressions not otherwise defined herein shall have the meanings ascribed to them in such Securities Lending Agreement.

We hereby give you notice (which notice shall constitute a Further Exchange Notice under the Securities Lending Agreement) that we are exercising our Further Exchange Option pursuant to Clause 7.1(E) of the Constituting Instrument constituting the Securities Lending Agreement and require delivery to us on the Further Exchange Date specified below of [*specify relevant Exchanged Securities*] in exchange for [*specify Cash and/or Exchangeable Securities*] on the terms of the Securities Lending Agreement.

The Further Exchange Date is [*date*].

Yours faithfully

For and on behalf of

[*name of Securities Buyer*]]

as Securities Buyer

Description of the Initial Collateral Securities

The following information has been produced on the basis of information available to the Issuer. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer's responsibility for such information is limited to the correctness of its extraction. Furthermore, the issuer of the Initial Collateral Securities does not accept any responsibility or liability for the accuracy or completeness of the information set out below. The following information and other information contained in this Series Memorandum relating to the Initial Collateral Securities is a summary only of certain terms and conditions.

General Information

| | |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Initial Collateral Securities: | EUR 600,000,000 nominal amount of an issue of EUR 24,610,000,000 3.75 Fixed Rate Bonds due 25 October 2019 issued by the Republic of France (FR0010776161) |
| Issuer of Initial Collateral Securities: | Republic of France |
| Registered Address: | SOCIETE DE FINANCEMENT DE L'ECONOMIE FRANCAISE 1, rue la Vrillière 75001 Paris France |
| Country of Incorporation: | France |
| Description of business/principal activities: | Sovereign state |
| Listing: | The Initial Collateral Securities are listed on Euronext Paris |
| Governing Law: | French Law |

Use of Proceeds

The net proceeds of the issue of the Notes, being the sum of EUR 600,000,000, will be used by the Issuer in order to make an initial exchange under the Swap Transaction on the Issue Date. The Swap Counterparty has a corresponding obligation to transfer the Initial Collateral Securities to the Issuer.

Information relating to the Issuer

1. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 15 August 2011.

2. Interests of Natural and Legal Persons in the Issue

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

3. Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2010, being the date of the Issuer's last published audited financial statements.

4. Litigation

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the financial position of the Issuer.

5. Documents Available

Copies of the following documents will be available for inspection by physical means during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the specified office of the Registrar in London for so long as any of the Notes shall remain outstanding:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 15 August 2011 and the Charged Agreement constituted thereby;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2010.

6. Clearing Systems and Settlement

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes, will be XS0648133071 and 064813307 respectively.

7. Post Issuance Reporting

The Issuer does not intend to provide post-issuance transaction information. However, the Arranger or its affiliates may provide certain periodic reports to Noteholders from time to time, as may be agreed between them.

8. Estimated Total Expenses

The Arranger has agreed to take responsibility for the expenses relating to the admission to trading and therefore the cost of such expenses to the Issuer is nil.

9. Withholding taxes

The Issuer is not required to gross up any amounts payable by it in respect of any withholding tax and, accordingly, assumes no responsibility for the effect of any taxes withheld at source.

Information relating to UBS AG, London Branch

The Swap Counterparty accepts sole responsibility for the following information. To the best of the knowledge and belief of the Swap Counterparty the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Issuer, the Trustee, or any other person has verified, or accepts any liability whatsoever for the accuracy of such information and prospective investors should make their own independent investigations into the Swap Counterparty.

The Swap Counterparty is the London Branch of UBS AG (UBS AG in this section, the “**company**” and together with its subsidiaries, “**UBS**”).

Corporate Information

The legal and commercial name of the company is UBS AG. The company was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CH-270.3.004.646-4.

UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

On 30 June 2011 UBS's BIS Tier1 ratio was 18.1%, invested assets stood at CHF 2,069 billion, equity attributable to UBS shareholders was CHF 47,263 million and market capitalization was CHF 58,745 million. On the same date, UBS employed 65,707 people .

The rating agencies Standard & Poor's Inc. (“**Standard & Poor's**”), Fitch Ratings (“**Fitch**”) and Moody's Investors Service Inc. (“**Moody's**”) have assessed the creditworthiness of UBS, i.e. the ability of UBS to fulfil payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing, in a timely manner. The ratings from Fitch and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS has long-term senior debt ratings of A+ (outlook stable) from Standard & Poor's, Aa3 (outlook negative) from Moody's and A+ (outlook stable) from Fitch.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

UBS AG shares are listed on the SIX Swiss Exchange and the New York Stock Exchange.

According to Article 2 of the Articles of Association of UBS AG the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad.

Where Investors Can Find More Information

UBS files periodic reports (including Annual Reports on the U.S. Security Exchange Commission's Form 20-F) and other information with the Commission and investors are referred to such reports and other information for current information with respect to UBS. Investors may read and copy any document that UBS AG files with the Commission at the Commission's public

reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the operation of its public reference room. The Commission also maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information about issuers like UBS AG that file electronically with the Commission. You may also inspect UBS AG's Commission reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and at the American Stock Exchange LLC, 86 Trinity Place, New York, New York 10006.

Information relating to the Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

REGISTERED OFFICE OF THE ISSUER

ELM B.V.

Prins Bernardplein 200
1097 JB Amsterdam
The Netherlands

ARRANGER AND A SECURITIES LENDING COUNTERPARTY

UBS Limited

1 Finsbury Avenue
London EC2M 2PP

TRUSTEE

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

**REGISTRAR, SWAP COUNTERPARTY,
CALCULATION AGENT, COLLATERAL AGENT AND A SECURITIES LENDING
COUNTERPARTY**

UBS AG, London Branch

1 Finsbury Avenue
London EC2M 2PP

CUSTODIAN

The Bank of New York Mellon

One Canada Square
London E14 5AL

LISTING AGENT

Arthur Cox Listing Services Limited

Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISERS

*To the Arranger and the Trustee
as to English law:*

Simmons & Simmons LLP

CityPoint
One Ropemaker Street
London EC2Y 9SS

*To the Arranger
as to Dutch law:*

Simmons & Simmons LLP

P.O. Box 79023
1070 NB
Claude Debussylaan 247
1082 MC Amsterdam
The Netherlands.